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**SUPPLEMENTAL APPROPRIATIONS, FOR THE
DEPARTMENT OF AGRICULTURE, 1963**

U. S. DEPARTMENT OF AGRICULTURE
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LEGISLATIVE REPORTING

HEARINGS
BEFORE THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
EIGHTY-EIGHTH CONGRESS
FIRST SESSION
ON

H.J. Res. 284

MAKING SUPPLEMENTAL APPROPRIATIONS FOR THE
DEPARTMENT OF AGRICULTURE FOR THE FISCAL YEAR
ENDING JUNE 30, 1963, AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations



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DEPARTMENT OF AGRICULTURE
(SUPPLEMENTAL)

THURSDAY, FEBRUARY 28, 1963

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The committee met at 10 a.m., pursuant to call, in room 1223, New Senate Office Building, Hon. Carl Hayden, chairman, presiding.

Present: Chairman Hayden, Senators Ellender, Robertson, Holland, Stennis, Pastore, Kefauver, Monroney, Bible, Byrd of West Virginia, McGee, Young, Allott, and Case.

DEPARTMENT OF AGRICULTURE

**SALE OF SURPLUS AGRICULTURAL COMMODITIES FOR FOREIGN
CURRENCIES (PUBLIC LAW 480)**

**STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF
AGRICULTURE ACCOMPANIED BY ROBERT P. BEACH, DEPUTY
ADMINISTRATOR, MANAGEMENT, AGRICULTURAL STABILIZA-
TION AND CONSERVATION SERVICE, AND CHARLES L. GRANT,
DIRECTOR OF FINANCE AND BUDGET OFFICER, DEPARTMENT
OF AGRICULTURE.**

SUPPLEMENTAL REQUEST FROM AGRICULTURE

Chairman HAYDEN. The committee will consider the supplemental budget request carried in House Document 64. This estimate requests an additional appropriation of \$508,172,000 for fiscal 1963 under the head "Public Law 480" to restore the capital structure of the Commodity Credit Corporation.

A budget amendment revising the estimate for 1964 by a corresponding amount was also included in this document.

JUSTIFICATION

The justification of the estimate will be placed in the record at this point.

(The justification referred to follows:)

DEPARTMENT OF AGRICULTURE—FOREIGN ASSISTANCE PROGRAMS

(H. Doc. 64)

Justification for supplemental estimate, fiscal year 1963, for "Public Law 480: Sale of Surplus Agricultural Commodities for Foreign Currencies"

Project	Appropriation to date, 1963	Supplemental estimate, 1963	Revised total, 1963
Sale of surplus agricultural commodities for foreign currencies.....	\$1, 080, 632, 000	+\$508, 172, 000	\$1, 588, 804, 000

This supplemental estimate is required to enable the Commodity Credit Corporation to carry out its mandatory price support programs in fiscal year 1963. Congressional action on the 1962 and 1963 appropriations placed financing of the foreign assistance programs on a current or pay-as-you-go basis, in order to relieve the Corporation of the burden of financing these programs from its borrowing authority. This has the effect of maintaining the Corporation's capacity to deal effectively with its major responsibility of domestic price support.

The 1963 appropriation for foreign assistance programs provided \$610 million less for the foreign assistance programs than the budget request. Three hundred and thirty-four million dollars of the amount appropriated for Public Law 480, title I, in 1963 was used for unrecovered 1961 and 1962 costs and it is expected that \$508,172,000 will be needed to meet 1963 costs as estimated in the 1964 budget. Approval of this estimate will make possible the reduction of the fiscal year 1964 budget request for Public Law 480, title I by a like amount, thus having no effect on the total amount of appropriations for the 2 years. An amendment to the 1964 budget has been submitted to reflect this reduction.

At the time the 1964 budget was prepared, it appeared that the Commodity Credit Corporation borrowing authority was sufficient to carry out authorized programs. Since then a combination of circumstances which could not be anticipated has adversely affected the timing of the use of borrowing authority resulting in unusually heavy demands on the borrowing authority in December, January, and to date, in February. These include:

- (a) Loans on the 1962 crop-corn are being made earlier this year than expected.
- (b) Receipts from feed grain sales are coming in slower than anticipated.
- (c) Cotton placed under price-support loans is far exceeding the quantity anticipated, caused primarily by uncertainties in the cotton trade concerning future prices next year under proposed legislation.
- (d) Continued heavy demands on the Corporation's financial resources for dairy products purchases, export payments, Public Law 480 costs and acreage diversion payments.

These developments have caused the available CCC borrowing power to decrease to \$161.7 million as of February 15. It is now expected that borrowing authority will be exhausted before the end of February unless supplemental funds are made available.

Approval of this request will make possible the continuance of essential CCC operations consistent with current estimates and at the same time avoid the necessity for appropriating this amount in 1964. This results from the change in timing of the use of CCC borrowing authority. It is believed that the total quantity of corn placed under loan will be in line with the budget estimate, that receipts from feed grain sales as estimated in the budget will be received later this year or early next fiscal year, and that the larger quantity of cotton placed under loan will be offset next fiscal year by sales and repayments.

The following tables show (1) a comparison of the transactions for the sale of surplus agricultural commodities for foreign currencies under the 1963 appropriation act with the proposed supplemental, and (2) the current status of the Corporation's borrowing authority with and without the proposed supplemental appropriation from June 30, 1962, through June 30, 1963.

Following is a comparison of fiscal year 1963 transactions under Public Law 480: Sale of surplus agricultural commodities for foreign currencies, included in the 1963 appropriation act with the proposed supplemental appropriation:

Commodity or item	Unit of measure	1963 appropriation act		Supplemental estimate, 1963		Revised total, 1963	
		Quantity	Value	Quantity	Value	Quantity	Value
Wheat.....	Bushel.....	320,000,000	\$846,000,000	-16,000,000	-\$10,600,000	304,000,000	\$835,400,000
Corn.....	do.....	15,000,000	34,650,000	+5,000,000	+4,210,000	20,000,000	38,860,000
Barley.....	do.....	6,000,000	6,513,000	+3,500,000	+3,542,000	8,500,000	10,055,000
Beans, dry edible.....	Hundredweight.....	100,000	500,000	-----	+205,000	100,000	705,000
Sorghums, grain.....	Bushel.....	5,000,000	7,660,000	-----	-1,060,000	5,000,000	6,600,000
Rice, rough.....	Hundredweight.....	12,100,000	61,200,000	+1,500,000	+6,800,000	13,600,000	68,000,000
Cotton, upland.....	Bale.....	700,000	119,000,000	+550,000	+84,125,000	1,250,000	203,125,000
Cotton, extra long staple.....	do.....	10,000	3,000,000	-5,000	-1,475,000	5,000	1,525,000
Tobacco.....	Pound.....	35,000,000	24,850,000	-12,300,000	-9,187,000	22,700,000	15,663,000
Milk, nonfat dry.....	do.....	70,000,000	11,480,000	-30,000,000	-5,522,000	40,000,000	5,958,000
Vegetable oil.....	do.....	625,000,000	75,000,000	+350,000,000	+61,500,000	975,000,000	136,500,000
Butter.....	do.....	-----	-----	+30,000,000	+17,762,000	30,000,000	17,762,000
Other.....	do.....	-----	14,747,000	-----	+8,653,000	-----	23,400,000
Subtotal.....	-----	-----	1,204,600,000	-----	+158,953,000	-----	1,363,553,000
Ocean transportation.....	-----	-----	85,400,000	-----	+5,047,000	-----	90,447,000
Total expenses of shipments.....	-----	-----	1,290,000,000	-----	+164,000,000	-----	1,454,000,000
Interest expense on unrecovered balance.....	-----	-----	10,632,000	-----	+10,168,035	-----	20,800,035
Total expenses.....	-----	-----	1,300,632,000	-----	+174,168,035	-----	1,474,800,035
Recoveries from sales of currencies, rental receipts and loan repayments (deduct).....	-----	-----	-170,000,000	-----	-92,500,000	-----	-262,500,000
Change in currencies to be sold for dollars in future years.....	-----	-----	-50,000,000	-----	92,500,000	-----	42,500,000
Net expenses—current year costs recoverable from appropriation.....	-----	-----	1,080,632,000	-----	+174,168,035	-----	1,254,800,035

Commodity or item	1963 appropriation act		Supplemental estimate, 1963		Revised total, 1963	
	Quantity	Value	Quantity	Value	Quantity	Value
Unrecovered prior years' costs included in 1963 and 1964 budget estimates, respectively:						
1961-----		\$179,703,017				\$179,703,017
1962-----		32,664,983		+\$121,635,965		154,300,948
Total estimates, 1961, 1962, and 1963 costs-----		1,233,000,000		+295,804,000		1,528,804,000
Appropriation reduction-----		-212,368,000		+212,368,000		
Appropriation (adjusted)-----		1,020,632,000		+508,172,000		1,528,804,000

Commodity Credit Corporation—Estimated status of \$14.5 billion borrowing authority—June 30, 1962, through June 30, 1963

[Millions of dollars]

Months	Without proposed supplemental				Proposed supplemental	Balance available with supplemental
	Regular activities	Special activities	Total	Balance available or deficit (—)		
June 1962 (actual)-----	12, 727	1, 165	13, 892	608	-----	608
FISCAL YEAR 1963						
July 1962 (actual)-----	11, 852	1, 122	12, 974	1, 526	-----	1, 526
August (actual)-----	10, 799	1, 176	11, 975	2, 525	-----	2, 525
September (actual)-----	11, 234	1, 192	12, 426	2, 074	-----	2, 074
October (actual)-----	12, 066	1, 141	13, 207	1, 293	-----	1, 293
November (actual)-----	12, 730	691	13, 421	1, 079	-----	1, 079
December (actual)-----	13, 322	675	13, 997	503	-----	503
January 1963 (preliminary)-----	13, 703	587	14, 290	210	-----	210
February-----	13, 988	746	14, 734	—234	508	274
March-----	13, 886	808	14, 694	—194	508	314
April-----	13, 765	957	14, 722	—222	508	286
May-----	13, 559	1, 145	14, 704	—204	508	304
June-----	13, 313	1, 432	14, 745	—245	508	263

PREPARED STATEMENT

Chairman HAYDEN. The Honorable Orville L. Freeman, Secretary of Agriculture, is appearing before the committee to support the supplemental request.

I notice you have a very brief statement, Mr. Secretary, and you may proceed with it.

Secretary FREEMAN. Thank you very much, Mr. Chairman, and members of the committee.

I am here today not to request an increase in appropriations, but rather to ask for a shift in appropriations from fiscal year 1964 to fiscal year 1963.

REIMBURSEMENT TO CCC UNDER TITLE I, PUBLIC LAW 480

Your authorization of a supplemental appropriation of \$508,172,000 to reimburse the CCC for unrecovered 1963 costs for title I, Public Law 480, will be accompanied by a reduction in our budget request for 1964 by that identical amount.

Congress has given the CCC the responsibility for financing all Government price support and commodity purchase programs through the use of its own funds and a borrowing authorization limited to \$14.5 billion.

Because the nature of CCC operations and expenditures are to a considerable extent unpredictable—due to factors such as weather, insect damage, domestic and import demand, trade psychology, and other intangibles—Congress has seen fit to authorize such borrowing and to make up for realized losses by later appropriations for restoration of capital impairment.

REASONS FOR PRESENT SITUATION

There are two circumstances that have brought about the present situation in which the CCC, required by law to carry out price support programs by purchases or loans for such commodities as wheat, cotton, dairy products, and feed grains, is faced with resources now at the perilously low level of \$127.6 million.

The first of these circumstances is the fact that the Appropriation Act for 1963 as approved by Congress last year did not include \$831.6 million for reimbursement for past and estimated 1963 expenditures as requested in the 1963 budget.

The second is the combination of unpredictable factors that has resulted in: (1) heavier loans on cotton than expected, largely because mills have postponed buying in anticipation of lower prices; (2) heavier loans on corn than expected, largely because unusually favorable weather produced corn of such high quality that larger amounts went under loan earlier than anticipated; (3) lower sales from CCC stocks than were estimated a year ago.

FUNDS NECESSARY FOR AUTHORIZED PROGRAMS

Action is therefore necessary at this time to provide the CCC with enough operating capital to carry out the price support programs that are mandatory under law, along with its responsibilities for Public Law 480 operations, during the remainder of fiscal 1963. This action will have no effect on the total of the appropriations required for the 2 fiscal years of 1963 and 1964.

Might I say, Mr. Chairman, that the Secretary of Agriculture finds himself on the horns of a cruel dilemma. On the one hand, he is mandated by the Congress to do certain things, such as make loans on cotton and buy butter and do other things, and on the other hand he is so severely mandated that he cannot spend money he does not have. And, that means that the dilemma is a very sharp one.

I come here to ask that I may be removed from the horns of that dilemma, if you please.

Thank you.

CURRENT SUMMARY OF OBLIGATIONS

Chairman HAYDEN. Mr. Secretary, you stated that only \$127.6 million of the \$14.5 billion authorization remains. Do you have a current summary of the present obligations against the \$14.5 billion by major categories, such as loans, inventory stocks, and unreimbursed costs and losses?

Do you have a summary for the record?

Secretary FREEMAN. May I put such a summary in?

(The summary referred to follows:)

COMMODITY CREDIT CORPORATION

Reconciliation of "borrowing power in use" and investment in price-support and other program activities as of December 31, 1962

[Millions of dollars]

Borrowing power in use:		
Borrowings	\$12, 884. 0	
Obligations to Lending Agencies	1, 113. 3	\$13, 997. 3
Investment in price-support:		
Outstanding Loans	2, 761. 4	
Inventories	5, 270. 6	¹ 8, 032. 0
Difference		5, 965. 3
Items reflected in "Borrowing power in use" not in "Investment in price-support":		
Program cost Recoverable through appropriations authorized by specific statutes:		
Public Law 480, title I	477. 1	
National Wool Act of 1954	103. 5	
Public Law 84-654—CCC grain for waterfowl	. 2	
Public Law 87-152—CCC grain for wildlife	. 2	
Subtotal	581. 0	
Restoration of capital impairment:		
Realized loss, fiscal year 1961 (Bal. Inv. Revaluation)	² 1, 057. 0	
Realized loss, fiscal year 1962	2, 799. 4	
Realized loss, fiscal year 1963	1, 486. 9	
Subtotal	³ 5, 343. 3	
Investment in:		
Accounts and notes receivable (23 percent—barter and exchange contracts)	279. 3	
Fixed assets (98 percent—Storage structures and related equipment)	102. 8	
Cash and other	83. 8	
Storage facility and equipment loans	73. 8	
Subtotal	539. 7	
Total investment in items not in price support		6, 464. 0
Less: Financing of assets other than by use of borrowing power:		
Capital stock	100. 0	
Accounts payable and trust and deposit liabilities	194. 5	
Other	204. 2	498. 7
Net Total		\$5, 965. 3

¹ See table I attached.² Balance of inventory revaluation.³ See table II attached.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE—COMMODITY CREDIT CORPORATION

TABLE I.—Quantity, investment value, and net book value of commodities pledged for outstanding loans and commodities in price-support inventory as of Dec. 31, 1962

[All figures in thousands]

Commodity	Unit of measure	Pledged for loans		In inventory		Total	
		Quantity	Investment value	Quantity	Investment value ¹	Quantity	Investment value
Basic commodities:							
Corn.....	Bushels.....	559,926	\$616,199	1,044,325	\$1,213,494	1,604,251	\$1,829,693
Cotton, Extra Long Staple.....	Bales.....	9	2,384	16	4,350	25	6,734
Cotton, Upland.....	do.....	4,413	705,928	4,689	810,530	9,102	1,516,458
Peanuts.....	Pounds.....	241,412	27,276	37,957	6,343	279,369	33,619
Rice.....	Hundredweight.....	4,355	21,662	94	844	4,449	22,506
Tobacco.....	Pounds.....	657,079	461,219			657,079	461,219
Wheat.....	Bushels.....	258,961	526,874	1,044,993	2,034,726	1,303,954	2,561,600
Wheat flour.....	Pounds.....			6,000	345	6,000	345
Bulgur.....	do.....			14,722	812	14,722	812
Total basic commodities.....			2,361,542		4,071,444		6,432,986
Designated nonbasic commodities:							
Milk and butterfat:							
Butter.....	do.....			350,791	207,118	350,791	207,118
Butter oil.....	do.....			48,340	38,957	48,340	38,957
Cheese.....	do.....			111,588	41,788	111,588	41,788
Ghee.....	do.....			737	599	737	599
Milk, dried.....	do.....			662,459	90,112	662,459	90,112
Barley.....	Bushels.....	35,768	29,229	28,208	24,276	63,976	53,505
Grain Sorghum.....	do.....	156,458	176,833	579,266	616,722	735,724	793,555
Honey.....	Pounds.....	2,855	352	1,045	131	3,900	483
Oats.....	Bushels.....	32,851	17,576	15,352	9,219	48,203	26,795
Rye.....	do.....	4,705	4,322	984	1,002	5,689	5,324
Tung oil.....	Pounds.....	138	33			138	33
Total designated nonbasic commodities.....			228,345		1,038,924		1,267,269
Other nonbasic commodities:							
Beans, dry edible.....	Hundredweight.....	1,962	13,954	893	5,998	2,855	19,952
Cottonseed.....	Tons.....	(2)	1			(2)	1
Cottonseed oil, refined.....	Pounds.....			8,340	1,015	8,340	1,015
Flaxseed.....	Bushels.....	3,648	10,287			3,648	10,287

Naval stores:									
Rosin.....	Pounds.....	166,410	17,153	1,730	907	166,410	17,153	1,730	907
Turpentine.....	Gallons.....	58,269	130,134	36,711	87,433	1,730	907	1,730	907
Soybeans.....	Bushels.....			145,204	26,638	94,980	217,567	94,980	217,567
Vegetable oil products.....	Pounds.....					145,204	26,638	145,204	26,638
Total other nonbasic commodities.....			171,529		121,991		293,520		293,520
Exchange commodities: Strategic and critical materials.....					38,222		38,222		38,222
Total.....			2,761,416		5,270,581		8,031,997		8,031,997

¹ Represents acquisition cost plus cost of any packaging or processing performed after acquisition.

² Less than 500.

TABLE II.—Commodity Credit Corporation—Restoration of capital impairment

[In millions]

Commodity or program	Realized loss			Total
	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963 (6 months)	
Price support, export, supply and related:				
Price support:				
Basic:				
Corn.....	\$364.1	\$567.8	\$108.9	\$1,040.8
Cornmeal.....		21.2	9.0	30.2
Cotton:				
Extra long staple.....	.5	1.9	.1	1.3
Upland.....	15.3	12.9	11.7	39.9
Peanuts.....	.6	8.2	2.7	11.5
Peanut butter.....		3.9	2.1	6.0
Rice.....	.7	15.8	4.4	20.9
Tobacco.....		9.3	1.2	9.1
Wheat.....	603.1	28.6	33.0	664.7
Wheat flour.....	(²)	101.3	42.8	144.1
Bulgur.....		3.4	5.2	8.6
Rolled wheat.....		4.5	3.3	7.8
Total basic.....	984.3	776.0	223.0	1,983.3
Mandatory nonbasic:				
Barley.....	13.4	10.0	2.2	25.6
Honey.....			(²)	(²)
Milk and butterfat:				
Butter (including oil).....	1.9	80.7	59.5	142.1
Cheese.....	.1	50.9	29.8	80.8
Milk, nonfat dry.....	2.0	166.8	71.9	240.7
Milk, fluid.....		25.9	4.5	30.4
Oats.....	2.6	4.1	2.1	8.8
Rolled oats.....		(²)		(²)
Rye.....	1.5	1.1	1.2	1.2
Sorghums, grain.....	260.6	127.4	69.8	457.8
Tung oil.....	(²)	1.3		1.3
Total, mandatory nonbasic.....	282.1	465.4	239.6	987.1
Other nonbasic:				
Almonds.....				
Beans, dry edible.....	.5	9.8	9.2	19.5
Cottonseed products.....			(²)	(²)
Flaxseed and linseed oil.....	(²)	(²)	(²)	(²)
Naval stores:				
Rosin.....				
Turpentine.....		(²)	(²)	(²)
Soybeans.....		.9	3.9	4.8
Vegetable oils.....		30.4	16.3	46.7
Total, other nonbasic.....	.5	41.1	29.4	71.0
Strategic and critical materials.....	1.6	13.0	1.2	11.6
Total, price support.....	1,268.5	1,279.5	491.8	3,039.8
Commodity export program.....		268.1	68.5	336.6
Storage facilities program.....		(²)	(²)	(²)
Supply and foreign purchase program.....	(²)	14.5	.2	14.3
Vegetable oils, special program.....		13.9		13.9
Feed grain program.....		803.0	476.3	1,279.3
Wheat stabilization program.....		65.1	230.3	295.4
Interest (net).....		290.7	181.7	472.4
Administrative and nonadministrative (net).....		83.6	38.4	122.0
Total, price support, export, supply and related.....	1,268.5	2,799.4	1,487.2	5,555.1
Special milk program.....		(²)	1.3	1.3
Total realized losses.....	1,268.5	2,799.4	1,486.9	5,554.8
Less: Portion of inventory revaluation received.....	121.5			121.5
Restoration of capital impairment.....	1,057.0	2,799.4	1,486.9	5,343.3

¹ Denotes gain.² Less than \$50,000.

Secretary FREEMAN. We have a reconciliation of all the Commodity Credit Corporation's assets and use of borrowing power, which shows loans and inventories of about \$8 billion, and then the difference between that and the \$14.5 is made up principally of capital impairment for losses which have been incurred, some reaching back through 1961, not yet reimbursed.

Chairman HAYDEN. You can provide, then, a tabulation showing the volume of loan and inventory obligations by commodity, and the amounts involved?

Secretary FREEMAN. Yes, sir.

Chairman HAYDEN. As I recall, the Commodity Credit Corporation was originally limited in its use as a financing agency. In recent years it had been authorized to finance the various programs subject to subsequent reimbursement and appropriation action.

PROGRAMS FINANCED BY CCC BORROWING AUTHORITY

Can you list for the record the various programs now being financed from the CCC borrowing authorization? At your convenience, will you do that?

Secretary FREEMAN: Yes, sir.

(The material referred to follows:)

PROGRAMS NOW BEING FINANCED BY CCC BORROWING AUTHORITY

Regular activities:

Price support.

Commodity export.

Storage facilities.

Supply and foreign purchase.

Special milk.

Feed grain.

Wheat stabilization.

Operating expenses (administrative, nonadministrative, interest, etc.).

Other special activities (reimbursable programs):

Military housing (barter and exchange).

National Wool Act.

Grain for migratory waterfowl.¹

Surplus grain for game birds.

Transfer of long staple cotton from national stockpile for sale by CCC.

Loan to Secretary of Agriculture for conservation purposes.

Foreign assistance:¹

Public Law 480:

Title I: Sale of surplus agricultural commodities for foreign currencies.

Title II: Emergency famine relief to friendly peoples.

Title IV: Long-term supply contracts.

International Wheat Agreement.

Bartered material for supplemental stockpile.

¹ Financed by CCC to the extent that costs exceed appropriations available.

PRIORITY UNDER CURTAILED FUNDS

Chairman HAYDEN. What is the order of priority to be followed under these legislative authorizations if through lack of funds you had to curtail or discontinue operations?

Secretary FREEMAN. If we did not have any money, we would just have to stop. And that would mean that we would stop tomorrow buying butter, taking cotton under loan, taking grain under loan, and just close the doors.

Senator PASTORE. That is not what the Chairman asked. I think his point is: What if you do not get it all? What would happen?

Secretary FREEMAN. Our best projection now would be that we would just get by. We normally expect to have at least a \$500 million operating margin, and consider anything less than that as being very close, because of some of the fluctuations that are unpredictable.

We are now down to about \$100 million, and we are perilously near the end.

Senator PASTORE. Now, Mr. Secretary, I do not think that is, still, the question. The question is: In the event that you did not have enough money to do all these things that are mandated by law to do, and the amount of money was not sufficient to do it all, and you only had part of the money, would you have priorities?

Or, would you then be in a dilemma without priorities?

Secretary FREEMAN. I would be in the same position. This is all by law.

Senator PASTORE. In other words, there are no priorities. It is a mandate that you have to meet them all?

Secretary FREEMAN. No, sir, we would have to stop all operations. I am sorry I am so obtuse in not understanding the question.

CHANGES IN BORROWING AUTHORITY

Chairman HAYDEN. Congress increased the CCC borrowing authorization a number of times. Will you furnish for the record a table showing the changes in the borrowing authority? You can do that later.

Secretary FREEMAN. Yes.

(The material referred to follows:)

BORROWING AUTHORITY OF CCC

Borrowing authority of the Commodity Credit Corporation has been increased by Congress from time to time as the need has arisen. The original capital of CCC was only \$3 million in 1933, and there was no specific borrowing authority. The act of March 8, 1938, gave CCC its first borrowing authority—\$500 million—and this authority has been expanded as the tabulation below shows:

Authorized by act of—	Borrowing authority
Mar. 8, 1938.....	\$500, 000, 000
Mar. 4, 1939.....	900, 000, 000
Aug. 9, 1940.....	1, 400, 000, 000
July 1, 1941.....	2, 650, 000, 000
July 16, 1943.....	3, 000, 000, 000
Apr. 12, 1945.....	4, 750, 000, 000
June 28, 1950.....	6, 750, 000, 000
Mar. 20, 1954.....	8, 500, 000, 000
Aug. 31, 1954.....	10, 000, 000, 000
Aug. 11, 1955.....	12, 000, 000, 000
Aug. 1, 1956.....	14, 500, 000, 000

CAPITAL STOCK OF CCC

The capital of CCC was established at \$3 million in 1933. The act of April 10, 1936, increased the capitalization to \$100 million, a level at which it has remained ever since.

DISPOSITION OF INVENTORY HOLDINGS AND CERTIFICATES

Chairman HAYDEN. The question has been raised as to the possibility of disposition by the Corporation of some of its inventory holdings and certificates to provide funds for additional loans.

What has been done in that regard?

Secretary FREEMAN. We are constantly selling inventory and replacing capital in the process. This is a constant process. And, as I say, the current amount of loans and inventory is roughly \$8 billion which will be reimbursed to the Corporation through loan repayments and sales, or a large part of it, in the normal course of the Corporation's business.

Chairman HAYDEN. Senator Young, any questions?

Senator YOUNG. Yes, I do have a few.

LIMIT ON BORROWING AUTHORITY

Was not your borrowing authority higher at one time than it is now?

Secretary FREEMAN. No.

Senator YOUNG. What was its limit? \$14.5 billion?

Secretary FREEMAN. It was increased, in 1956, from \$12 billion to \$14.5 billion, and it has not been increased since.

Senator YOUNG. And, you are nearly up to the \$14.5 billion mark?

Secretary FREEMAN. We are within \$100 million of this, roughly.

LOANS AND INVENTORIES

Senator YOUNG. What proportion of this is loans on grain?

Secretary FREEMAN. As of December 31, 1962, there was \$2,761 million of it represented by outstanding loans as shown by the statement inserted earlier. As of February 22, 1963, loans totaled \$3,502,600,000.

Senator YOUNG. How much in inventories?

Secretary FREEMAN. Total loans and inventories, which are the property of the Corporation, totaled \$8,032 million as of December 31, 1962, and \$8,013,800,000 as of February 22, 1963.

Senator YOUNG. You are reimbursed for a large part of this, under Public Law 480 which is really a foreign aid program. Are these reimbursements behind schedule?

REIMBURSEMENTS UNDER PUBLIC LAW 480

Secretary FREEMAN. Yes. This is exactly what is behind schedule. The reimbursements for Public Law 480 for funds expended in the fiscal year 1963 is what has fallen behind. That is the reason we are here, and I would repeat that this appropriation, if the committee and the Senate see fit to act favorably, will decrease the appropriation we have before this committee for fiscal 1964.

SALES OF CORN

Senator YOUNG. I think some place in your statement you mentioned something about corn, about your sales not having been as great as you expected.

Secretary FREEMAN. That is correct.

Senator YOUNG. What is the reason for that?

Secretary FREEMAN. We just have not been selling quite as much corn, because of concern for cattle and hog prices.

Senator YOUNG. You feel if you sold more corn, prices would be affected adversely?

Secretary FREEMAN. Yes, sir. We have been selling more corn in recent weeks, but we are somewhat behind where we previously were a year ago. As a matter of fact, in terms of dollars and cents, corn sales are \$205 million short of what they were a year ago.

Senator YOUNG. How do your corn and wheat stocks compare with a year ago, in inventories?

Secretary FREEMAN. Oh, in inventory? Down 81.8 million bushels in wheat; down 151.7 million bushels in corn.

SUPPLY MANAGEMENT PROGRAM RESULTS

Secretary FREEMAN. And may I say that we have on hand today in the Commodity Credit Corporation 1,077 million bushels less than was the case in 1961 before the supply management programs that have been in effect went into effect.

This includes both feed grains and wheat. Over a billion bushels less. The CCC budget, this fiscal year, includes \$246 million less for carrying charges in the fiscal year 1964 than would have been required if we had not cut down the surpluses, and \$813 million less than would have been in it if we had not had a program.

And, so there have been very sharp cuts in surplus grains on hand.

CUT IN SURPLUS UNDER PRESENT PROGRAMS

Senator PASTORE. Will the Senator yield for a question at this point? In other words, are you prepared to say that your proposal of last year did help the surplus problem?

Secretary FREEMAN. I most definitely am. The programs instituted by this administration have cut the surplus 1,077 million bushels, and there is \$246 million less in the budget for carrying charges than there would have been had CCC stocks remained at the 1961 peak levels. As compared with what would have been necessary if we had not had a program, we would have in this budget \$813 million more for carrying charges on inventories of grain.

Senator PASTORE. And, this is even in spite of the fact that the free trade is not selling as much this year as last year.

Secretary FREEMAN. The free trade, sir?

Senator PASTORE. When you say, "We are selling less corn," are you talking about Government stocks, or are you talking about the whole supply of corn?

Secretary FREEMAN. No, I am talking about Government holdings.

Senator PASTORE. I see.

Secretary FREEMAN. I am talking about Government holdings—the surpluses that we have to buy, pay storage charges for, interest, handling, and the rest.

Senator PASTORE. These figures you have just cited, on what commodities are they?

Secretary FREEMAN. Wheat and feed grains.

COST OF WHEAT CERTIFICATE PROGRAM

Senator YOUNG. I just had one additional question. Have you made any studies as to the estimates of costs of the wheat certificate plan if it were put into effect as against the present program?

Secretary FREEMAN. Yes, we have, Senator. And I would have to get those figures. But we have them, very definitely. I do not have them stored away right now.

(The information referred to follows:)

COST OF 1964 WHEAT PROGRAM

Certain tentative decisions have been made regarding the 1964 wheat program and have been announced in speeches by the Secretary and in material explaining the program. If these tentative decisions hold which assumed that 925 million bushels of wheat will be covered by certificates issued to producers and that the value of such certificates will be 70 cents per bushel (\$2 per bushel price support for certificate wheat and \$1.30 per bushel for noncertificate wheat), and further that acreage diversion payments will be 30 percent of the support price for the required 10-percent diversion and 50 percent on the acreage diverted voluntarily; the total cost of the 1964 program will be about \$1,152 million, compared with the estimated cost of \$1,429 million for the 1962 program and \$1,441 million for the 1963 program. In each of these years a major portion of these costs are associated with the export program—Public Law 480 and export subsidies.

Senator YOUNG. Since the wheat certificates are paid by the millers, and they in turn charge the consumers, this will be more of a self-financing program?

Secretary FREEMAN. This program is designed to phase out; so cost will be very sharply less than under the current wheat program.

Senator YOUNG. It has some shortcomings, in my opinion, but I think this is one of the better features of it. And, I think this would please the Senator from Rhode Island.

It is more along the line of a program you have been suggesting.

Senator PASTORE. If the Senator will permit: I must say at the outset that I have substantially supported these agricultural programs, even though I do come from a completely consuming State, and our interest primarily is in prices, and, secondly, in what this costs the taxpayer.

Naturally, from where we sit, we recognize the fact that you have to have a system under which you have an adequate supply of food for the American people not only today but for years to come.

REASON FOR REQUEST

But, now the point I wish to make is this: Primarily, are you asking for this shift in money because of the vicissitudes, or are you asking for this shift in money because we underestimated what we needed last year? In other words, does this prove that the program is a failure, or could it create the suspicion that this is due to a failure of the program, or is it because last year you knew that you needed this extra \$500 million, but that you were cut in the amount of money that was granted to you in the 1963 budget?

Secretary FREEMAN. That is right.

Senator PASTORE. Well now, I would like to get that on the record. You know the contention is being made now that the reason why you are coming in and asking for more money is because your proposal of last year did not work.

And I think you have got to make that record clear. I think you have got to give the reasons in the record why you are back here asking for this money.

THE 1963 APPROPRIATION ACTION

Senator YOUNG. It was cut by the House last year.

Senator PASTORE. I think that ought to go in the record, because I am told that the Republicans in the House were fighting this program.

Senator YOUNG. No, the actual fact is that the appropriation was cut in conference with the House by this amount.

Senator PASTORE. I am talking about this new request. Yesterday you got a little bit of competition in the House.

Senator ELLENDER. More than this amount was asked for last year, and it was refused.

Senator HOLLAND. In the first place, this request has to do only with Public Law 480, the restoration of corporation funds which you are required to pay out for foreign currencies in carrying on the national policy of our Government, as set by Public Law 480. Is that correct?

Secretary FREEMAN. That is correct.

Senator HOLLAND. In the second place, the appropriation you are requesting now for these general purposes is in part what you asked for last year, and it was cut out of the appropriation bill, was it not?

Secretary FREEMAN. Yes, sir.

NO RELATION TO RESTORATION OF CAPITAL IMPAIRMENT

Senator HOLLAND. In the third place, this has nothing to do at all with the restoration of capital impairment that takes place annually for losses incurred for price support operations, or for other reasons recognized by law.

This has to do solely with operations under Public Law 480.

Secretary FREEMAN. That is correct.

Senator YOUNG. Would you yield there?

It all comes out of the same fund, though, does it not?

ACTIVITY MANDATORY BY CONGRESSIONAL ACT

Senator HOLLAND. It all comes out of the same fund, but the point I am trying to make for the record is that here is something the CCC is required to do not in pursuance of its normal price-support function at all, but in pursuance of foreign policy set by the Congress as to the disposal of surplus commodities to foreign nations, under which CCC is required to accept foreign currencies and to turn them over to the General Treasury, because they cannot be used here by Commodity Credit Corporation.

Senator PASTORE. That may be so. But, in paragraph 2 of the statement we have here, I read:

* * * due to factors such as weather, insect damage, domestic and import demands, trade psychology, and other intangibles—Congress has seen fit to authorize such borrowing * * *.

ALTERNATIVE SOLUTIONS

Senator HOLLAND. I am going to bring that up next. In such a dilemma you can do two things at least, can you not? One is to come to Congress and ask for the restoration of your impaired capital occasioned by Public Law 480 operations.

Secretary FREEMAN. Yes.

Senator HOLLAND. The other is to sell more of your surplus commodities which you are holding than you think it is wise to sell at this time. That would bring cash on which you could operate. And you choose, instead of dumping surplus commodities on the market, which to that degree would defeat your whole purpose of sustaining price-support levels, to come to Congress asking it to fulfill its commitment made to you at the time this Public Law 480 was passed; is that correct?

Secretary FREEMAN. That is correct.

Senator HOLLAND. It seems to me that it is a matter of choice which the Secretary has to make, of either dumping these commodities on the market which could depress the market or he can choose to leave the market price at a decent level, and come back to Congress for the restoration of that part of the depletion which comes from the operations under Public Law 480.

SUPPORT OF SECRETARY'S POSITION

And, as far as I am concerned, I commend him on making this decision, rather than the other. And, I think that if Congress had acted as he requested last year in making this particular appropriation for this particular purpose, he would not have to be here.

Is that correct, or not?

Secretary FREEMAN. Yes. Thank you, Senator.

Senator PASTORE. If the Senator will yield:

All I am trying to do here is obviate the argument that is being made by the opposition, you see, that this request is predicated because of the failure of the program. And, it is not that.

Senator HOLLAND. Not at all.

Senator PASTORE. And, I am asking the record to be complete in that respect. In other words, all I am asking the Secretary to show is that his program has worked, that what we are asking here now is for money that we asked for in 1963 but was never allowed.

Am I correct?

Secretary FREEMAN. That is correct.

Senator PASTORE. And, therefore, that allowance compels him now to make the shift from the 1964 budget request in order to put it back into 1963, where we should have had it in the first place. I am on your side.

Senator HOLLAND. The Senator is exactly right.

Senator PASTORE. But, I want that record to show it. When somebody gets up and begins to talk about this program of this administration being a failure, I want to have the record clear that it is not.

Senator HOLLAND. The only particular in which I thought the Senator's questioning might have left an implication that is not exactly correct is this. He indicates that because the testimony indicates that because of prices, weather conditions, and other factors, he could not release stocks now, there might be some blame attachable in that connection.

As I understand it, there is credit to be attached for his decision, because he is releasing the grain, in such a way as will still sustain the price-support objectives which he and the Congress have in mind and which I think the mandate of Congress requires.

Is that correct?

Secretary FREEMAN. That is very well stated.

REQUEST NOT RELATED TO PRICE SUPPORT

Senator HOLLAND. I want the record to show, and I hope the public will understand, that this has no relation to ordinary price-support matters, but is simply a payment to CCC under a program that has been set up and required in national policy under Public Law 480, for which the appropriations which were requested last year but were refused by the Congress.

Chairman HAYDEN. Senator Ellender, have you any questions?

Senator ELLENDER. No, sir.

Senator PASTORE. May I ask a question, Mr. Chairman?

Chairman HAYDEN. Senator Pastore.

Senator PASTORE. The cotton situation, Mr. Secretary—

Secretary FREEMAN. Senator, in reference to your earlier inquiry, I have just distributed a statement here, because I am quite aware of some of the criticisms which are not pertinent, as Senator Holland has very ably pointed out, but they do exist, and this is complicated.

SUMMARY OF SUPPLY ADJUSTMENT

Therefore, I have set down a summary and then a documentation to establish clearly the fact that the programs of supply adjustment have cut back a billion bushels and will save close to a billion dollars by 1964, and this is all carefully documented in what I have just handed, and I do not know whether it would be appropriate for that to go into the record, or not.

Senator PASTORE. I move that it be placed in the record at this point. I think it ought to go into the record. That is precisely the point I am making here today.

Secretary FREEMAN. Thank you, sir.

(The material referred to follows:)

SUMMARY OF EFFECT OF WHEAT AND FEED GRAIN PROGRAMS ON CCC COSTS
(A.S.C.S., FEBRUARY 28, 1963)

HIGHLIGHTS INDICATING SUCCESS IN CUTTING SURPLUSES AND REDUCING COSTS

1. CCC holdings of wheat and feed grains were 1.077 billion bushels less on February 15, 1963, than the peak quantities held in 1961 before the new program was effective, and total stocks at the end of 1963 marketing year will be 2,509 million bushels less than they would have been in the pre-1961 programs had been allowed to continue.

2. The fact that the CCC does not now own the 1.077 billion bushels of grain it formerly owned is now saving the Government \$770,000 each day in carrying charges—\$280 million a year.

3. The 1964 budget includes \$246 million less for carrying charges on these grains than was spent in fiscal year 1961, and \$813 million—or \$2.2 million a day—less than the annual rate that would have occurred by 1964 if the pre-1961 programs had been allowed to continue.

These and other figures show that the new programs designed to eliminate the costly and unnecessary surpluses of wheat and feed grains, that had climbed to record levels in 1961, are working.

The Congress has given the CCC the responsibility to finance all Government price support and commodity purchase programs through use of its own funds and a borrowing authorization limited to \$14.5 billion. Each year the Corporation's realized losses are met by appropriations by the Congress for restoration of capital impairment. The amount of appropriations needed is determined by CCC's realized losses.

The realized losses of the CCC since 1960 are shown below:

Fiscal year	Realized loss (millions)	
	Amount	Change from preceding year
1961.....	¹ \$2,067.0	+\$454.9
1962.....	2,799.4	+732.4
1963 (estimated).....	2,753.6	-45.8
1964 (estimated).....	2,646.9	-106.7

¹ Does not include inventory revaluation loss of \$1,268,500,000 applicable to 1961 and prior years.

(1) Fiscal 1962 losses were higher than the previous year, primarily because of—

(a) an increased loss on commodity sales in the disposal of large quantities of corn and grain sorghums acquired from the 1960 and prior years' crops; such grain was acquired at a higher price in the 1950's than market prices in 1962. Obviously as the grain is moved out of surplus into consumption realized losses take place.

(b) increased loss on donations, due to the donation of more dairy products, wheat flour, and corn meal, thus increasing benefits to millions of people at home and around the world by a more effective use of our agricultural abundance.

(c) acreage diversion payments to farmers as the immediate cost of launching supply adjustment programs enacted by the Congress—programs that by now have significantly reduced stocks of grain and the costs of both acquiring and carrying such stocks, while they have brought about substantial increase in farm income.

(2) Estimates indicate that realized losses for fiscal 1963 will be \$45.8 million less than for the previous year, and that this encouraging trend will be stepped up in 1964 by an estimated decrease of \$106.7 million below that for 1963.

(3) Stocks in CCC inventory in excess of needs for an adequate reserve have been substantially reduced—by a total of 1.077 billion bushels as compared with peak quantities on hand before programs for supply adjustment began to take effect. As a result, the 1964 budget estimates before the Congress show \$245.6 million less for carrying charges on wheat and feed grains for the fiscal year 1964 than the actual cost in the fiscal year 1961. The fact that the CCC does not now own the 1.077 billion bushels of grain it formerly owned is now saving the Government \$770,000 each day in carrying charges—\$280 million a year.

(4) Cumulative savings of \$480 million in carrying charges on feed grains and wheat from the record 1961 level have already resulted or are budgeted as a result of the decrease in CCC stocks, as follows:

[In millions]

Fiscal year	Total carrying charges—feed grains and wheat	Savings from 1961 level
1961.....	\$846	-----
1962.....	776	\$70
1963 (budget estimate).....	682	164
1964 (budget estimate).....	600	246
Cumulative savings through June 30, 1964, from 1961 level.....	-----	480

(5) If the new supply adjustment programs had not replaced the pre-1961 programs it is a conservative estimate that carryover stocks at the end of the marketing year for the 1963 crop would have amounted to 3.8 billion bushels of corn and grain sorghums and 1.6 billion bushels of wheat, and the annual carrying charges on these quantities would have amounted to at least \$1.4 billion by 1964 as compared with the current estimate of \$587 million for these three grains in the 1964 budget. The difference is equivalent to about \$2.2 million per day.

(6) If pre-1961 programs had been allowed to continue and stocks had built up as indicated through 1963, it is estimated that ultimate carrying costs to the CCC before disposal of the additional quantities added to stocks would have amounted

to approximately \$3.3 billion. This would result from the time which would elapse before these added stocks would be disposed of, based on the annual rate of disposition which occurred prior to 1961. This would be 10 to 12 years for feed grains and between 6 and 7 years for wheat.

TWO-PRICE COTTON PROPOSAL

Senator PASTORE. My question is on the matter of cotton. As you know, a lot of us are interested in this two-price cotton system. Has that anything to do at all with this reluctance of foreign purchasers to buy this cotton?

Secretary FREEMAN. Well, at the moment purchases by both domestic and foreign mills are low, and inventories are low, because there has been a question as to whether price of cotton would be lower than it has been.

And, therefore, inventories, generally, are down.

Senator PASTORE. I realize that this may not be related to the request of \$508 million, but it is an important subject. How are we going to resolve this two-price cotton situation dilemma?

Secretary FREEMAN. Let me say this: We have been working very hard for the last year to try and develop a program which would both be workable and which, facing the practical political facts of life, would stand a chance of passing the Congress of the United States.

COTTON ADVISORY COMMITTEE PROGRAM

A program was recommended by an advisory committee, representing all segments of the cotton industry, which, in brief summary, would have contained a payment to seek to eliminate the inequity which the domestic mills presently face, because they have to pay more for cotton than their foreign competitors, which would also make available more acreage for producers, who would be willing to produce at world price.

Now, this combination of objectives has been incorporated in a bill that has been introduced in the House. Some hearings have been held in the House committee, and at the moment its future is uncertain. It would meet the objective the Senator refers to.

PROBLEM OF DOMESTIC MANUFACTURERS

1 Senator PASTORE. Well, the thing that concerns me is the fact that we presently have the very serious problem, as the Secretary knows, where domestic manufacturers of textile goods—and most of them are in the southern part of the country—have to buy their cotton at about 8 cents a pound more than this cotton is sold for abroad to meet the world price; and then, of course, these foreign purchasers make it into textile goods, and they send it back here and undercut us more.

Now, I can understand why this cotton price has to be subsidized in order to meet the world market. The only dilemma is that when it comes back in manufactured cloth, it puts the domestic manufacturer in a double jeopardy, because he cannot meet the labor costs abroad, which is the first dilemma, and, secondly, he cannot now meet the raw cotton price abroad, which makes it a double-horned dilemma.

I was merely stating my concern about it. And the fact that you say this is in a bill which is being contested in the House—it strikes

me that we might have to go through this year again without any relief.

We tried to adjust the tariff in order to compensate for the differential of 8 cents, and that, of course, was objected to.

Secretary FREEMAN. Yes, sir; the Department strongly supported that.

BILL PENDING IN HOUSE

Senator PASTORE. Now, is this bill that is pending in the House the administration bill?

Secretary FREEMAN. The administration is supporting the proposals that were made by the Cotton Advisory Committee; yes.

Senator PASTORE. And this bill is predicated upon those recommendations?

Secretary FREEMAN. That is correct.

Senator PASTORE. Have you appeared in the House on it?

Secretary FREEMAN. Yes.

Senator PASTORE. And supported it?

Secretary FREEMAN. Yes.

Chairman HAYDEN. Senator Monroney?

PRESENT REQUEST REIMBURSEMENT OF LOCAL CURRENCIES

Senator MONRONEY. The entire amount of this is for the reimbursement on local currencies. Is that correct? I mean the money asked here is to reimburse your funds in dollars for the commodities that you have sold for local foreign currency under title I of 480?

Secretary FREEMAN. Yes, sir.

Senator MONRONEY. Which actually is a foreign-aid expense, but it is charged up to you, because it provides for a disposal of large amounts of your surplus commodities.

Secretary FREEMAN. That is correct.

POSSIBILITY OF LISTING AS FOREIGN-AID FUNDS

Senator MONRONEY. Is there any chance that this will ever be shown as foreign-aid funds, rather than being charged against Agriculture?

Secretary FREEMAN. I think there is always that possibility, Senator.

Senator MONRONEY. But, there is no legislation pending to transfer this obligation to the foreign aid appropriation. What we get back in foreign currencies is not expendable and is unusable to us to a large extent.

Secretary FREEMAN. To a large extent, yes.

Senator MONRONEY. In other words, we lend them back more than half of the foreign currency for their local projects, and then the other half is frozen, which acts as a stabilization loan, really, on the local currencies themselves, because it withholds that much currency from circulation. So, it is heavily involved, I think, in your foreign aid program, and yet it is charged up to Agriculture in huge amounts as a part of the agricultural program.

Secretary FREEMAN. I have suggested administratively that the books might show this as a charge to the foreign aid program, but this has not been warmly welcomed by the other departments of government on whose books it would show.

CURRENCIES LOANED BACK AS WORK PROGRAM

Senator YOUNG. Would you yield at that point? I think over 80 percent of the foreign currencies are loaned back under work programs or programs of various kinds.

Senator MONRONEY. I do not think it runs as high as 80.

Senator ELLENDER. Sixty.

Senator MONRONEY. Sixty, I think. And, the rest of it is frozen, because we cannot use it for any of our purchases; a few little purchases perhaps in the country.

Senator ELLENDER. Sixty percent in round figures loaned back, and a good deal of the remainder is used by the State Department and other agencies abroad.

Senator MONRONEY. It is piling up in tremendous amounts.

Senator ELLENDER. In some countries, like the Congo, where you are giving a greater amount than you should. But, in the Congo we are not getting anything back. It is all going for the relief of the people there.

SALE FOR HARD CURRENCIES

Senator MONRONEY. And, we are not selling any now for the hard currencies, are we? We did for a while in France on cotton.

Secretary FREEMAN. Oh yes. We are beginning under title IV of Public Law 480 to move, and we are pushing hard in that direction for a relatively long-term modest interest sales, and this is growing. But, of course, it does not approximate the amount under title I.

Senator MONRONEY. But, this would be two hard currency countries? It is title IV, that you are talking about. No hard currency countries are going to buy it on loan, are they?

Secretary FREEMAN. No.

Senator MONRONEY. The types of countries you are talking about. It is still a foreign aid proposition, whether it is loans or local currency, and either way we do not have anything we can spend.

Secretary FREEMAN. Title IV would be paid back in dollars over a period of, say, 10 years.

TOTAL SALES IN LOCAL CURRENCIES

Senator MONRONEY. Do you know what the total of these sales has been in local currencies?

Secretary FREEMAN. \$9,068,660,000.

Senator MONRONEY. Over what period of time?

Secretary FREEMAN. Since the commencement of the program, July 1, 1954, through December 31, 1962.

Senator MONRONEY. And that all represents something for which you must reimburse the Treasury in cash?

USES OF FOREIGN CURRENCIES

Senator YOUNG. Would you agree to have a table inserted in the record as to the uses of these foreign currencies? According to this table, only 17.8 percent was set aside for U.S. uses. The rest are foreign uses.

Senator MONRONEY. I would like to have that table in the record. I think it would be very valuable.

(The most recent table appears on p. 24.)

Secretary FREEMAN. The percentages that I have are later than those Senator Young has and cover the period to be included in the next semiannual report on Public Law 480. They show the following breakdown: 45.7 percent loans to local governments, 23 percent U.S. uses, 18 percent grants, and then some miscellaneous smaller percentages.

Senator MONRONEY. Even that 23 percent is earmarked, and does not represent an expenditure, does it? Is there not a great deal of earmarking that has never been withdrawn? I mean they have just set it up in funds, as I understand it.

Secretary FREEMAN. Some of it would be represented in funds unexpended in the given countries, yes, sir.

ADJUSTMENT BETWEEN WHEAT PRODUCING AND SMALL GRAIN PRODUCING STATES

Senator MONRONEY. One further question. I compliment you on reducing the surplus stocks and getting the cost of the storage down. In this reduction, are you giving any attention at all to adjusting this downward level which should occur more equitably among the wheat-producing States and the small-grain-producing States?

We have a great problem in my State, which you have been kind enough to consider a number of times, where we have gone down to practically zero in storage, although we are a big wheat and small-grain-producing State, while other States around us have held up to 60, 70, or 80 percent of their normal storage capacity.

Secretary FREEMAN. As the Senator knows, we are deeply concerned with this problem, and it is a very difficult adjustment period, and under the law as it stands in both the charter of the Corporation and the mandate of the Congress, we are seeking to adjust the storage space as equitably as we can, consistent with sound business practices.

Senator MONRONEY. That would be among the States?

Secretary FREEMAN. Yes.

Senator MONRONEY. And it would be on the basis, of course, of not being at a greater expense to the Government than they are under now?

Secretary FREEMAN. Yes.

Senator MONRONEY. But, any program that would allow some adjustment, in fairness, in this area, that does not cost the Government anything extra, would be one in which your Department would be interested?

Secretary FREEMAN. Very definitely.

Senator MONRONEY. Thank you.

LOANS TO FOREIGN GOVERNMENTS

Senator ELLENDER. Awhile ago I stated that the amount of loans to foreign governments was around 60 percent. As a matter of fact, it is 57.8 percent. I am just giving the round figures. And, the amount under the so-called Cooley provision grants for economic development and loans—that amounts to 10.3 percent; and the common defense, 14.1 percent.

So we did not miss it very far. So will you put that in the record? (The table referred to follows:)

Uses of foreign currency as provided in title I, Public Law 480 agreements signed July 1, 1954-Dec. 31, 1962¹

[Amounts are in dollar equivalents at the deposit rate of exchange]

[In thousand dollar equivalents]

Country	Total amount in agreements (market value including oversea transportation)	104(c) Common defense	104(e) Grants for economic development	104(e) Loans to private enterprise	104(g) Loans to foreign governments	For U.S. uses ²
Argentina	64,100			8,250	36,500	19,350
Austria	42,940				26,328	16,612
Bolivia	24,559			3,132	17,375	4,052
Brazil	386,420	2,000	34,400		285,247	64,773
Burma	51,370		8,134		32,525	10,711
Ceylon	30,800		5,280	5,465	12,720	7,335
Chile	71,900	100		850	56,330	14,620
China (Taiwan)	163,110	85,981		15,800	26,840	34,489
Colombia	70,890	80		11,270	41,180	18,360
Congo	18,750		16,875			1,875
Ecuador	13,190			1,273	8,785	3,132
Finland	46,535			3,615	25,634	17,286
France	35,775			7,824		27,951
Germany	1,200					1,200
Greece	109,300	5,040	7,470	9,171	53,450	34,169
Guinea	10,670			298	7,811	2,561
Iceland	13,930		198	567	10,119	3,046
India	2,428,306		788,175	165,262	1,164,933	309,936
Indonesia	314,025		25,312	21,086	213,497	54,130
Iran	50,971	5,763		3,253	27,803	14,152
Israel	291,069		32,589	46,891	172,899	38,690
Italy	152,900			6,250	100,500	46,150
Japan	150,800	700	600		108,850	40,650
Korea	342,860	290,583		5,891		46,386
Mexico	28,200			7,100	13,600	7,500
Morocco	21,870			2,130	14,273	5,467
Netherlands	275					275
Pakistan	1,065,920	79,366	556,841	51,740	276,432	101,541
Paraguay	13,200		3,420	1,170	6,000	2,610
Peru	37,280	100		3,762	22,723	10,695
Philippines	36,150	8,102	3,045	6,438	8,027	10,538
Poland	425,700					425,700
Portugal	7,100				3,400	3,700
Spain	505,630	9,910			253,480	242,240
Sudan	4,600		1,150	690	1,610	1,150
Syrian Arab Republic	37,200			6,550	22,750	7,900
Thailand	4,600				2,050	2,550
Tunisia	33,600		7,700	4,020	16,665	5,215
Turkey	386,065	97,750	2,340	42,011	115,000	128,964
United Arab Republic	782,940		25,731	77,504	554,047	125,658
United Kingdom	48,150					48,150
Uruguay	48,400			12,050	24,300	12,050
Vietnam	71,280	54,930		5,725		10,625
Yugoslavia	624,130		143,092		378,333	102,705
Total	3 9,068,660	640,405	1,662,352	537,038	4,142,016	2,086,849
Uses as percent of total	100.0	7.1	18.3	5.9	45.7	23.0

¹ Many agreements provide for the various currency uses in terms of percentages of the amounts of local currency accruing pursuant to sales made under each agreement. In such cases, amounts included in this table for each use are determined by applying the specified percentages to the total dollar amount provided in each agreement. Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

² Fiscal year 1962 agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsections 104(a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s) and sometimes (c) and (d), insofar as specified in agreements.

³ Amounts shown in this column may differ from amounts on table 3, which reflect purchase authorization transactions.

EFFECT OF FAILURE TO PASS GRAIN PROGRAM

Senator BARTLETT. Mr. Secretary, what would the effect have been if Congress had not passed the wheat and feed grain program?

Secretary FREEMAN. If the wheat and feed grain programs had

not been passed, we would have on hand about 2.5 billion bushels more wheat and feed grains at the end of the marketing year 1963 than we will have.

We would have in this budget that goes before the Congress, for fiscal 1964, \$813 million more expenditures for carrying charges than is in it now.

Senator BARTLETT. Thank you. That is all, Mr. Chairman.

EDITORIAL ON SURPLUS PROGRAM

Senator PASTORE. May I ask another question, Mr. Chairman?

I am reading now, Mr. Secretary—that is the reason I brought up this subject—an editorial that appeared in the Providence Evening Bulletin of Monday, February 25, 1963. The caption of it is:

Mr. Freeman's guess goes sour.

Those optimistic forecasts from Agriculture Secretary Freeman already have begun to turn sour. He is the fellow, you will remember, who was assuring us only a little while ago that he had a good grip on the farm problem, and that things were looking rosier all the time. Well, some of the returns now are coming in. Far from indicating that the Government's mammoth piles of surplus are being whittled away, as Mr. Freeman forecasts, they indicate just the reverse.

The glut of dairy products has reached the value of \$400 million, nearly twice as much as it was a year ago. The Government's surplus pile of cotton has reached 10.4 billion bales, which is more than twice as large as it was last August.

The total value of all the surplus in Government hands has reached \$8 billion, which is about \$300 million higher than it was a year ago.

Meanwhile, the Government is running short on money on its price-propping fund, and the President has asked Congress to please provide an additional \$508 million in the coming budget, so the Government can buy up more of the surplus that nobody wants.

Here we go again.

Now, what have you got to say to it?

Secretary FREEMAN. The editorial is just simply inaccurate; and as such I am pleased to have the opportunity to set it straight. And, perhaps if I write a letter to the editor of that paper, he might correct it.

That might be a vain hope, because they often don't

Senator PASTORE. I would appreciate hearing this very much because I think this is precisely what is happening here. I think, after all, the thing should be understandable, and it should be factual, and if they are right, they should be told they are right, and if they are wrong, they, I think, ought to be corrected.

Secretary FREEMAN. I would be happy to do that, Senator, if you would let me have a copy of the editorial.

Senator PASTORE. Will you give it back to me when you are through with it?

Secretary FREEMAN. Yes, sir.

Senator PASTORE. All right.

MILK PROGRAM

Senator ELLENDER. In connection with the milk program, the Secretary can certainly agree with me in saying that we have been trying, ever since he has been in office, to change that program, but we have such a big milk lobby here in Washington that we cannot get the thing through.

And, I am having hearings fixed for the 18th of March——

Secretary FREEMAN. Very good.

Senator ELLENDER. So as to get this matter settled. Because, unless we change the law, we will continue to accumulate these huge surpluses and it is certainly not a fault of the Secretary, here, because Congress is the one that ought to change the law.

Senator PASTORE. I am not fighting the Secretary. He is a very good friend of mine.

Secretary FREEMAN. With 4.3 million fewer cows than 10 years ago, we are producing 11.1 billion more pounds of milk a year.

Senator ELLENDER. Within the last 12 months there were 400,000 cows less, but the milk production increased 500 million pounds. Think of that.

MOTION TO APPROVE BILL

Senator HOLLAND. Mr. Chairman, whenever the Senators are through questioning, I am perfectly willing to make a motion to approve this resolution because I think we have made a record here which clearly shows that this item relates solely to the reimbursement for payments out of the funds by CCC, which is required under Public Law 480 alone, and does not relate to the price-support program.

I make the motion at this time.

Senator ELLENDER. I second the motion.

Chairman HAYDEN. The motion has been made to favorably report the bill. All in favor say "aye." [General response, "Aye."]

I will ask Senator Holland to do it.

Senator ROBERTSON. May I ask a question of the Secretary of Agriculture before he leaves the stand?

Chairman HAYDEN. Certainly.

Senator ROBERTSON. Can you sound an encouraging note on the prospects for poultry in the European foreign market?

Senator HOLLAND. Mr. Chairman, since this matter does not relate to the bill, can we dispense with its having to be made a part of this record?

Chairman HAYDEN. All right.

(Discussion off the record.)

Chairman HAYDEN. The committee stands adjourned.

(Whereupon, at 11:10 a.m., Thursday, February 28, 1963, the committee adjourned.)

DEPARTMENT OF AGRICULTURE

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON DEPARTMENT OF AGRICULTURE AND RELATED
AGENCIES APPROPRIATIONS

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ROSS P. POPE, *Staff Assistant to the Subcommittee*

Supplemental Appropriation for Public Law 480, Commodity Credit
Corporation

Printed for the use of the Committee on Appropriations



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WASHINGTON : 1963

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SUPPLEMENTAL APPROPRIATION AND BUDGET AMENDMENT, PUBLIC LAW 480

THURSDAY, FEBRUARY 21, 1963.

DEPARTMENT OF AGRICULTURE

WITNESSES

HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE
ROBERT P. BEACH, DEPUTY ADMINISTRATOR, MANAGEMENT, AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
CHARLES L. GRANT, DIRECTOR OF FINANCE AND BUDGET OFFICER

Mr. WHITTEN. The committee will come to order.

We have before us this morning, Mr. Secretary, the proposed supplemental estimate for Public Law 480 and the Commodity Credit Corporation.

OPERATIONS OF THE COMMODITY CREDIT CORPORATION

I believe, in connection with the regular hearings, we asked you in some detail about the need for these additional funds for the Commodity Credit Corporation. I might say briefly, for the record, that the Commodity Credit Corporation has the responsibility to finance all Government price support and commodity purchase programs. It also has been directed by the Congress in various legislative measures to serve as the paymaster and to use its own funds to finance these programs.

The Corporation is limited in its overall ability to finance programs by its borrowing authority of \$14.5 billion. The Corporation can get its money from three different sources: One through congressional action to raise its borrowing authority above the \$14.5 billion; the second through the restoration of capital impairment by appropriations of the Congress, which is what we have been doing in recent years; and the third through the sale of the commodities, title to which is vested in the Corporation.

In many of its operations, particularly with basic commodities, the Corporation support prices by a loan program. This means that its money is tied up in these various commodities, on which it has made loans, but which it cannot sell until the time expires for it to take over title. I mention this because quite frequently we on the committee are asked, when we get to the floor, by the press and others, what is involved.

I thought if I went into this matter a little prior to your telling us what your immediate need is, and the reason for it, it might make it a little clearer.

Is that substantially correct, as to the Corporation, its authority, its obligations, and its operation?

Secretary FREEMAN. The chairman has stated it very precisely and accurately.

THE PROPOSAL

Mr. WHITTEN. At this point we should like the supplemental estimate from the President to be incorporated in the record. We might have, too, the supporting statements and tables which you have submitted to us put in the record.

(The documents follow:)

[H. Doc. 64, 88th Cong., 1st sess.]

PROPOSED SUPPLEMENTAL APPROPRIATION AND AN AMENDMENT TO THE BUDGET INVOLVING A DECREASE FOR THE DEPARTMENT OF AGRICULTURE

Communication from the President of the United States transmitting a proposed supplemental appropriation for the fiscal year 1963 in the amount of \$508,172,000, and an amendment to the budget for the fiscal year 1964 involving a decrease in the amount of \$508,172,000 for the Department of Agriculture

THE WHITE HOUSE,
Washington, February 11, 1963.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration of the Congress a proposed supplemental appropriation for the fiscal year 1963 in the amount of \$508,172,000, and an amendment to the budget for the fiscal year 1964 involving a decrease in the amount of \$508,172,000, for the Department of Agriculture.

The details of the proposed appropriation and the amendment, the necessity therefor, and the reasons for their submission at this time are set forth in the attached letter from the Director of the Bureau of the Budget, with whose comments and observations thereon I concur.

Respectfully yours,

JOHN F. KENNEDY.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., February 11, 1963.

THE PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration a proposed supplemental appropriation for the fiscal year 1963 in the amount of \$508,172,000, and a proposed amendment to the budget for the fiscal year 1964 involving a decrease in the amount of \$508,172,000, for the Department of Agriculture, as follows:

The proposed supplemental appropriation is as follows:

"DEPARTMENT OF AGRICULTURE

"FOREIGN ASSISTANCE PROGRAMS

"PUBLIC LAW 480

"For an additional amount for 'Public Law 480,' for expenses and costs of sales of surplus agricultural commodities for foreign currencies pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701-1709), \$508,172,000, to remain available until expended."

The budget amendment is as follows :

“DEPARTMENT OF AGRICULTURE

“FOREIGN ASSISTANCE PROGRAMS

Budget appendix page	Heading	Original estimate	Revised estimate	Decrease
129	Public Law 480: Sale of surplus agricultural commodities for foreign currencies-----	\$1,960,172,000	\$1,452,000,000	\$508,172,000

Recent developments in the price support programs of the Commodity Credit Corporation indicate that the volume of price support loans will be much larger in 1963 and that commodity sales in 1964 also will be correspondingly larger than anticipated at the time the 1964 budget was being prepared. The effect of these changes is to necessitate the provision of additional funds in 1963 so that the Corporation can meet its mandatory price support obligations and thereby reduce the amount needed for 1964. The above proposals would meet these needs by reimbursing the Corporation this year rather than next year for expenses incurred by it in financing shipments of commodities in 1963 under Public Law 480.

I recommend that the foregoing proposed supplemental appropriation and budget amendment be transmitted to the Congress.

Respectfully yours,

KERMIT GORDON,
Director of the Bureau of the Budget.

FOREIGN ASSISTANCE PROGRAMS

Public Law 480, sale of surplus agricultural commodities for foreign currencies

Appropriation to date-----	\$1,080,632,000
Obligations to Jan. 31, 1963-----	1,080,632,000
Expenditures to Jan. 31, 1963-----	1,080,632,000
Budget estimate for 1964 (including proposed amendment) -----	1,452,000,000
Request (for 4½ months from Feb. 15, 1963)-----	508,172,000

PROPOSED LANGUAGE

For an additional amount for “Public Law 480,” for expenses and costs of sales of surplus agricultural commodities for foreign currencies pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701–1709), \$508,172,000, to remain available until expended.

EXPLANATION OF LANGUAGE

The proposed appropriation language would provide an additional \$508,172,000 during the fiscal year 1963 for estimated 1963 expenses of activities under “Public Law 480, sale of surplus agricultural commodities for foreign currencies.” The funds are required to reimburse the Commodity Credit Corporation for its costs in carrying out this program in excess of amounts provided in the 1963 Appropriation Act.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The borrowing authority of the Commodity Credit Corporation, which by law is used to finance costs of Public Law 480 programs in excess of appropriations for such programs, has dropped to such a low level that its ability to finance the mandatory price-support programs has been seriously impaired.

Developments in price support activities since preparation of the 1964 budget now clearly show that these additional funds are needed to enable the Corporation to meet its mandatory obligations in February and during the remainder of fiscal year 1963. A change in timing of the use of CCC borrowing authority is the prime factor which has caused the present critical situation. A combination of earlier loans on corn due to favorable harvesting conditions, a lag in corn sales, and an increase in cotton loans have resulted in unusually heavy demands on the

Corporation's borrowing authority in December, January, and to date in February. This combination and the reduced amounts provided in the 1963 Appropriation Act for costs of foreign assistance programs have resulted in the borrowing authority being reduced to a critical low level.

Justification for supplemental estimate, fiscal year 1963, for "Public Law 480, sale of surplus agricultural commodities for foreign currencies"

Project	Appropriation to date, 1963	Supplemental estimate, 1963	Revised total, 1963
Sale of surplus agricultural commodities for foreign currencies-----	\$1,080,632,000	+\$508,172,000	\$1,588,804,000

This supplemental estimate is required to enable the Commodity Credit Corporation to carry out its mandatory price-support programs in fiscal year 1963. Congressional action on the 1962 and 1963 appropriations placed financing of the foreign assistance programs on a current or "pay as you go" basis, in order to relieve the Corporation of the burden of financing these programs from its borrowing authority. This has the effect of maintaining the Corporation's capacity to deal effectively with its major responsibility of domestic price support.

The 1963 appropriation for foreign assistance programs provided \$610 million less for the foreign assistance programs than the budget request; \$334 million of the amount appropriated for Public Law 480, title I, in 1963 was used for unrecovered 1961 and 1962 costs and it is expected that \$508,172,000 will be needed to meet 1963 costs as estimated in the 1964 budget. Approval of this estimate will make possible the reduction of the fiscal year 1964 budget request for Public Law 480, title I, by a like amount, thus having no effect on the total amount of appropriations for the 2 years. An amendment to the 1964 budget has been submitted to reflect this reduction.

At the time the 1964 budget was prepared, it appeared that the Commodity Credit Corporation borrowing authority was sufficient to carry out authorized programs. Since then a combination of circumstances which could not be anticipated has adversely affected the timing of the use of borrowing authority resulting in unusually heavy demands on the borrowing authority in December, January, and to date in February. These include:

(a) Loans on the 1962 crop-corn are being made earlier this year than expected.

(b) Receipts from feed grain sales are coming in slower than anticipated.

(c) Cotton placed under price-support loans is far exceeding the quantity anticipated, caused primarily by uncertainties in the cotton trade concerning future prices next year under proposed legislation.

(d) Continued heavy demands on the Corporation's financial resources for dairy products purchases, export payments, Public Law 480 costs and acreage diversion payments.

These developments have caused the available CCC borrowing power to decrease to \$161.7 million as of February 15. It is now expected that borrowing authority will be exhausted before the end of February unless supplemental funds are made available.

Approval of this request will make possible the continuance of essential CCC operations consistent with current estimates and at the same time avoid the necessity for appropriating this amount in 1964. This results from the change in timing of the use of CCC borrowing authority. It is believed that the total quantity of corn placed under loan will be in line with the budget estimate, that receipts from feed grain sales as estimated in the budget will be received later this year or early next fiscal year, and that the larger quantity of cotton placed under loan will be offset next fiscal year by sales and repayments.

The following tables show (1) a comparison of the transactions for the sale of surplus agricultural commodities for foreign currencies under the 1963 Appropriation Act with the proposed supplemental, and (2) the current status of the Corporation's borrowing authority with and without the proposed supplemental appropriation from June 30, 1962, through June 30, 1963.

Following is a comparison of fiscal year 1963 transactions under "Public Law 480, sale of surplus agricultural commodities for foreign currencies," included in the 1963 Appropriation Act with the proposed supplemental appropriation:

Commodity or item	Unit of measure	1963 Appropriation Act		Supplemental estimate, 1963		Revised total, 1963	
		Quantity	Value	Quantity	Value	Quantity	Value
Wheat.....	Bushel	320,000,000	\$846,000,000	-16,000,000	-\$10,600,000	304,000,000	\$835,400,000
Corn.....	do.	15,000,000	34,650,000	+5,000,000	+4,210,000	20,000,000	38,860,000
Barley.....	do.	5,000,000	6,513,000	+3,500,000	+3,542,000	8,500,000	10,055,000
Beans, dry edible.....	Hundred-weight	100,000	500,000		+205,000	100,000	705,000
Sorghums, grain.....	Bushel	5,000,000	7,660,000		-1,060,000	5,000,000	6,600,000
Rice, rough.....	Hundred-weight	12,100,000	61,200,000	+1,500,000	+6,800,000	13,600,000	68,000,000
Cotton, upland.....	Bale	700,000	119,000,000	+550,000	+84,125,000	1,250,000	203,125,000
Cotton, extra long staple.....	do.	10,000	3,000,000	-5,000	-1,475,000	5,000	1,525,000
Tobacco.....	Pound	35,000,000	24,850,000	-12,300,000	-9,187,000	22,700,000	15,663,000
Milk, nonfat dry.....	do.	70,000,000	11,480,000	-30,000,000	-5,522,000	40,000,000	5,958,000
Vegetable oil.....	do.	625,000,000	75,000,000	+350,000,000	+61,500,000	975,000,000	136,500,000
Butter.....	do.			+30,000,000	+17,762,000	30,000,000	17,762,000
Other.....	do.		14,747,000		+8,653,000		23,400,000
Subtotal.....			1,204,600,000		+158,953,000		1,363,553,000
Ocean transportation.....			85,400,000		+5,047,000		90,447,000
Total expenses of shipments.....			1,290,000,000		+164,000,000		1,454,000,000
Interest expense on unrecovered balance.....			10,632,000		+10,168,035		20,800,035
Total expenses.....			1,300,632,000		+174,168,035		1,474,800,035
Recoveries from sales of currencies, rental receipts and loan repayments (deduct). Change in currencies to be sold for dollars in future years.....			-170,000,000		-92,500,000		-262,500,000
Net expenses—current year costs recoverable from appropriation. Unrecovered prior years' costs included in 1963 and 1964 budget estimates, respectively: 1961..... 1962.....			-50,000,000		92,500,000		42,500,000
Total estimate, 1961, 1962, and 1963 costs.....			1,080,632,000		+174,168,035		1,254,800,035
Appropriation reduction.....			179,703,017		+121,635,965		179,703,017
Appropriation (adjusted).....			32,664,983				154,300,948
Total estimate, 1961, 1962, and 1963 costs.....			1,263,000,000		+295,804,000		1,558,804,000
Appropriation reduction.....			-212,368,000		+212,368,000		
Appropriation (adjusted).....			1,050,632,000		+508,172,000		1,558,804,000

COMMODITY CREDIT CORPORATION

Estimated status of \$14.5 billion borrowing authority—June 30, 1962, through June 30, 1963

[Million dollars]

Months	Without proposed supplemental				Proposed supplemental	Balance available with supplemental
	Regular activities	Special activities	Total	Balance available or deficit (—)		
June 1962 (actual).....	12,727	1,165	13,892	608	-----	608
Fiscal year 1963:						
July 1962 (actual).....	11,852	1,122	12,974	1,526	-----	1,526
August (actual).....	10,799	1,176	11,975	2,525	-----	2,525
September (actual).....	11,234	1,192	12,426	2,074	-----	2,074
October (actual).....	12,066	1,141	13,207	1,293	-----	1,293
November (actual).....	12,730	691	13,421	1,079	-----	1,079
December (actual).....	13,322	675	13,997	503	-----	503
January 1963 (preliminary).....	13,703	587	14,290	210	-----	210
February.....	13,988	746	14,734	-234	508	274
March.....	13,886	808	14,694	-194	508	314
April.....	13,765	957	14,722	-222	508	286
May.....	13,559	1,145	14,704	-204	508	304
June.....	13,313	1,432	14,745	-245	508	263

Mr. WHITTEN. Now, briefly tell us what is involved, Mr. Secretary.

EXPLANATION OF THE REQUEST

Secretary FREEMAN. Thank you, Mr. Chairman. I will set down, if I may, very briefly, several points that are the cause of the critical situation and then we can implement them with further detail as the committee may see fit.

First, by way of background, the Commodity Credit Corporation considers a working balance of at least \$500 million essential. The transactions that take place are wide and varied over a large nation, involving many hundreds of millions of dollars, and getting down to less than that by way of capital to work with is very difficult and at times critical in terms of our ability to meet the contract commitments of this Government and to carry forward the laws as passed by the Congress and signed by the President.

As of yesterday, our balance in CCC borrowing power was \$141.6 million. This is a critically low balance and our estimates are that by the end of the month, or it could happen at almost any time, we would have to fail to meet commitments that should be met.

Mr. WHITTEN. Am I correct when I point out that you are caught on the horns of a dilemma. Certain laws require you to support commodities and take certain actions and other statutes prohibit you from doing it if you don't have the money?

Secretary FREEMAN. Yes, sir; and I might say dilemmas are always uncomfortable. Now, the committee would properly ask how did this situation arise. Might I set down these factors that have contributed to it.

First of all, the restoration of expenditures made for foreign assistance programs as submitted in last year's budget fall approximately \$610 million below the amount requested in the 1963 budget.

LARGE VOLUME OF COTTON LOANS

Secondly, we have been subject to some unusual outlays that have come into focus this winter which we had not anticipated in terms of their magnitude. Our estimate of net expenditures for cotton—and this represents mostly cotton coming under loan—for fiscal year 1963 was \$679 million. Our current estimate of this amount is \$1,047 million, or \$368 million more than we estimated and budgeted for.

Mr. WHITTEN. At this point, to make the record clear, we have already heard testimony that there have been concerted efforts by various segments of the cotton industry, as well as urging by the Department, to make at least some changes in the cotton-support program. All of this has lead many people to feel that cotton could be purchased later at lower cost than that for which it is offered now. Whether they are right or wrong, only time will tell. But that has, has it not, depressed the normal domestic market for cotton, leaving the cotton producer the only alternative of going to the Corporation for loans, which in fact they have. Once the cotton picture settles down price-wise, this cotton will either be redeemed or title will go to the Corporation, so you in turn can sell it. You will have in the future the opportunity to get most of your money out, either by sale, if you take title, or by redemption in case the producers redeem it. Is that correct?

Secretary FREEMAN. That is correct. I thank the chairman for setting down in some detail that this is an abnormal situation. This does not represent out-of-pocket money that has been expended and will not be regained.

A substantial part involves cotton that will flow in and out of the CCC. But because of the circumstances to which you refer there has been an unsettled market, both domestic and international, and inventories are low, and so cotton has flowed in a quantity we did not anticipate into the Commodity Credit Corporation loan program.

REDUCED SALES OF FEED GRAINS

Second, the situation in feed grains also has been abnormal. We had estimated a sale this fiscal year in the neighborhood of 867 million bushels, and up to now we have sold only about 385 million bushels of corn. The reason, very frankly, is we have wanted to maintain maximum stability in the market, and we have been watching with great concern the increased production of hogs and cattle, both of which are running about 4 percent above last year: the market price is potentially threatened and this represents a very significant part of our economy, as well as income for farmers everywhere around the Nation. As such, we have not wanted our corn and feed grains to fall to such a price that would further stimulate the increase in production which we feel is climbing a bit more rapidly than is economically healthy.

Mr. WHITTEN. You have held this half billion bushels of corn off the market, because to put it on the market, you believe, would further depress prices. That in turn would be reflected perhaps in increases in the cattle and hog population. For the record, if that were not

the situation, and you were in a position to sell this corn, the money received would be available for the Corporation to carry on its normal operations, would it not?

Secretary FREEMAN. Yes, sir; this would result in cash receipts by way of sale of inventory and addition to the cash and borrowing power of the Corporation. In relation to this, too, we have had a year caused by weather factors where we have taken a good deal more corn under loan as compared with last year. As of the end of December 1962, this increase was about 52 million bushels, representing about \$60 million.

Again, this represents loans, but nonetheless it results in a temporary use of the Corporation's funds pending repayment of such loans or ultimate sale of the corn. As this committee well knows, corn in order to come under loan has to meet certain standards in regard to its grade and whether it meets certain moisture requirements.

The corn crop this year was one of high quality and corn, much more than is normal, could meet requirements and did accordingly move under loan. The combination, gentlemen, of these factors, none of which we estimated—and I think I can say could hardly be expected to be clairvoyant enough to have anticipated—have meant that the \$610 million of foreign assistance funds that were not provided in the last Appropriation Act has been in a sense expended through these abnormal expenditures and we find ourselves, therefore, in this critical position.

If this capital is reinstated, we believe that we will be able to operate throughout the balance of this fiscal year, and I would urge the committee's attention to this situation.

IMPACT UPON THE 1964 BUDGET

Mr. WHITTEN. Mr. Secretary, from my own discussions with you, and from the presentation you have made to the committee here as to the amount of funds that are tied up and will be tied up in investments, it is apparent that you have title but for various reasons you don't feel these commodities should be offered on the market.

If we go along with this, and I think we can take no other action, that you will have sales receipts and loan redemptions in the coming fiscal year sufficient to reduce your requirements by an equivalent amount?

Secretary FREEMAN. Yes, sir. The same amount that is involved here would move from the fiscal 1964 budget into the fiscal 1963 budget.

Mr. WHITTEN. So it is your judgment that for the 2 years together, the total cost is the same.

Secretary FREEMAN. Exactly the same; yes, sir.

STATUS OF CCC BORROWING AUTHORITY

Mr. WHITTEN. You submitted to the Appropriations Committee a statement of the current situation. It may have a little more detail than you have given us here. So, without objection, we will have that put in the record at this point.

(The document follows.)

STATUS OF CCC BORROWING AUTHORITY.

CURRENT SITUATION

The Congress appropriated \$832 million less than the amounts requested in the 1963 budget to reimburse CCC for costs of the foreign assistance programs and for realized losses.

This left only a narrow operating margin for changes in the estimates which could result from weather conditions, farmer participation in programs, production abroad, timing of expenditures and receipts, and other uncontrollable and unpredictable factors.

Available borrowing authority of CCC.—With only a narrow operating margin, changes in timing of receipts and expenditures have occurred with the result that CCC's available borrowing authority has dropped to \$149.6 million as of February 18, 1963. Section 4(i) of the CCC Charter Act (15 USC 714 b(i)) prohibits the Corporation from exceeding its borrowing authority of \$14.5 billion. The Corporation has used approximately \$8 billion of the \$14.5 billion borrowing authority in its investment in loans and inventory. The Corporation is required by law to use its borrowing authority to finance costs of the foreign assistance programs (Public Law 480, IWA, bartered materials for supplemental stockpile).

At the current rate of use, there is grave danger that the entire \$14.5 billion of authorized borrowing authority will be exhausted by the end of February or early in March unless remedial action is taken promptly.

During this period, the Corporation is required by law to carry out certain mandatory programs which require use of sizable amounts of borrowing authority, such as cotton loans (averaging about \$2.5 million per day in February), corn loans (averaging \$9.6 million per day in February) and dairy purchases (averaging about \$1.8 million per day in February). Under the 1963 feed grain and wheat stabilization programs, advance payments are authorized (averaging about \$5 million per day).

STEPS TAKEN TO DATE

Payments to other Government agencies are being held in abeyance. For example, \$15 million to AID for ocean transportation, and \$20 million for loans to the ACP program for advance purchase of conservation materials and services.

Foreign assistance program funds have been shifted from the fourth to the third quarter for advance to CCC (\$110 million).

Recovery of \$93.1 million repayments from foreign currency loans was accelerated through special arrangements with the Treasury Department.

Daily reports from field offices are obtained and analyzed on borrowing authority used, cotton and corn loans and repayments, feed grain dispositions, purchases of dairy products and advance feed grain and wheat payments.

ALTERNATIVES

1. Stop all payments and loans to producers under all price support and related programs. In addition, stop payments due and payable under contracts and firm commitments:

- (a) To warehousemen.
- (b) To rail and truck carriers.
- (c) To processors and packaging firms.
- (d) To vendors of dairy products.
- (e) To U.S. exporters of wheat flour, cotton, and cotton products.
- (f) To U.S. exporters and U.S. ocean freight carriers for commodities shipped under Public Law 480 (food-for-peace program).

Such action would result in a nationwide loss of confidence in the integrity of the U.S. Government to meet its financial obligations. It would disrupt all phases of the agricultural economy and incur the illwill of farmers and related industries throughout the Nation. It would set off a chain reaction which would be extremely damaging to farmers and people doing business with farmers, with resulting serious damaging effects upon the economy in general.

2. Use of section 32 funds: Section 32 currently finances payments for diversion or export of commodities, and has, in the past, procured commodities from CCC for distribution to domestic outlets. The 1964 budget estimates that, in the fiscal year 1963, CCC will donate domestically approximately \$300 million

of surplus commodities and will make export payments of approximately \$270 million. In order to lessen the impact upon CCC's borrowing authority, section 32 funds could be used to procure commodities from CCC for distribution to domestic outlets and to finance diversion payments and export payments.

If section 32 funds were used to the maximum extent permitted by available funds and existing authorities, it is possible that up to \$250 million could be advanced to CCC, principally for commodities to be distributed to domestic outlets. In view of the provision in section 32 which limits the amount which can be devoted to any one commodity to 25 percent of available funds, not more than \$150 million could be used for any one commodity; e.g., dairy products.

This large a use of section 32 funds for commodities under CCC price-support programs has not been generally favored by members of the appropriation committees, by other Members of Congress, and by officials of the Department of Agriculture and should, therefore, be avoided, if possible.

3. Provide promptly a supplemental appropriation of \$508 million as requested by the President. There is a budget amendment for 1964 to reduce the 1964 appropriation request by a like amount.

Such action would permit the continuation of CCC operations on a normal basis for the balance of this fiscal year consistent with current estimates.

Mr. WHITTEN. Mr. Natcher?

INCREASE IN TOBACCO LOANS

Mr. NATCHER. Mr. Secretary, in addition to cotton and corn, I believe this year you had an unusual situation in regard to Flue-cured tobacco?

Secretary FREEMAN. Yes, sir; we did.

Mr. NATCHER. Some 17 percent of all of the Flue-cured tobacco produced was taken under loan?

Secretary FREEMAN. That is correct, Mr. Natcher.

Mr. NATCHER. This, of course, was brought about not only from the standpoint of the amount produced, but weather conditions played a considerable part in this particular picture, I believe?

Secretary FREEMAN. Yes, it did. It was a very prolific crop.

Mr. NATCHER. That is all I have, Mr. Chairman.

Mr. WHITTEN. Mr. Addabbo?

FAILURE TO PROVIDE FUNDS

Mr. ADDABBO. Mr. Secretary, what would happen if the Congress failed to approve this supplemental?

Secretary FREEMAN. We would seek to pay our bills and meet our commitments, just as long as we had a dime left, and then if we had no money left, we would have to quit meeting our commitments. Now, there is one possibility in connection with internal financing that is set down in this memorandum. As you know, our direct distribution and food distribution programs are financed in several ways, through the Commodity Credit Corporation and through section 32 funds.

It would not be illegal, but it has been considered not sound financing by this committee, to use section 32 funds to, in effect, purchase commodities which are in the Corporation's hands, to the extent that commodities on hand, rather than those that are purchased in the open market, are used in our feeding programs.

This direction could be taken, but the likelihood that it would provide sufficient assets to make it unnecessary for us to cease paying our bills without imperiling the credit and failing to carry forward the mandate of Congress is rather remote.

Mr. ADDABEO. That is all, Mr. Chairman.

Mr. WHITTEN. In that connection, I have been on this committee when such a situation did occur. If you were to use section 32 funds, that would be stretching the law as I see it and stretching the understanding with the Congress. Secondly, it is highly questionable whether using section 32 would meet your need. Once your money is exhausted, if you turn to section 32 funds you would have to cut off all dairy supports and every other type of supports. There would be nothing to do but to notify the people in the field to stop.

Secretary FREEMAN. It would cause chaos, literally, if we suddenly stopped over a weekend, the dairy purchases.

Mr. WHITTEN. Doesn't the law require you to stop if you don't have the money?

Secretary FREEMAN. Yes, sir; it requires me to buy them, too.

Mr. WHITTEN. Mr. Horan?

FINANCING FOREIGN ASSISTANCE PROGRAMS

Mr. HORAN. Well, the original concept of the Commodity Credit Corporation, however, did not envisage the use of this instrument in our foreign aid program, did it?

Secretary FREEMAN. In the initial passage of the Commodity Credit Corporation? I really couldn't answer that question.

Mr. GRANT. No, it did not. Originally the Corporation's capital was set on the basis that it would be used to finance the Corporation's regular activities. Over the years, the borrowing authority was increased, and over the years new programs were assigned to the Department, and the Department is directed to finance them from the Corporation's funds, subject to reimbursement.

What we have been trying to do, in order to relieve the burden on the Corporation's borrowing power, is to get these appropriations, to the extent we can, on a current basis.

Mr. HORAN. I don't want to be the first to say it has been like "manna" from Heaven for our wheatgrowers in the Pacific Northwest, the use of Public Law 480. But I do want to say that a big percentage of my wheatgrowers are college graduates, and they know their economics forward and backward, and they are aware of all that is implied in this.

However, the Public Law 480 has enabled us to become almost a nonsurplus area, as far as our wheat is concerned. But the fact does remain that a lot of confusion existed at the time that we were talking about foreign aid on the floor, and a lot of confusion has ensued from Public Law 480.

Some members who have been here quite a while seem to feel it didn't cost us anything, we just used Commodity Credit stocks, and you can give those away, they are already paid for. Well, that is not the truth. We had to point out we had to repair the Commodity Credit financial structure. Now there are unobligated balances under certain circumstances that could be used. Is that true?

Mr. GRANT. Unobligated balances? Not to my knowledge. There is in title IV, the appropriation for this year, a small amount we presumably will not use this year, but it is just a few million dollars. I don't know of any other balances.

Mr. BEACH. Actually we have passed to the Corporation all available appropriations for reimbursing the Corporation for foreign assistance costs, and already having that money in hand, the situation is now existing where we are about ready to run out of money.

UNOBLIGATED BALANCES OF SECTION 32 FUNDS

Mr. HORAN. How much exists in the residue of section 32 funds that could be applied against this obligation?

Secretary FREEMAN. There is the reserve balance of \$300 million, plus about \$325 million subject to current use, is that correct?

Mr. GRANT. The maximum is about \$380 million, but this would involve programing against section 32 direct distribution costs on out into fiscal year 1964. But there are certain problems here. One is that the law says that section 32 shall be used principally for perishables. Also not more than 25 percent can be used for any one commodity. So as a practical matter, you couldn't use that much.

Mr. WHITTEN. There has also been an understanding, between Congress and the Department, that section 32 funds would be used only with the knowledge and approval of Congress; so before you do that, Congress should approve your action.

Mr. GRANT. That is correct.

METHODS OF FINANCING FOOD DISPOSAL PROGRAMS

Mr. HORAN. I fully agree. I wonder, Mr. Chairman, if at this point in the record we could have a simple table put in the record, one that Mr. Beach could, I am sure, prepare, regarding all of these programs, the food stamp program, and surplus agricultural commodities, and removal of surplus agricultural commodity stocks, Public Law 480. A simple table indicating how all of those programs are financed, CCC, section 32, direct appropriations, or if there are any cases of it here, the purchase of public debt receipts. Could you prepare such a table so we could have all of this before us?

Mr. BEACH. Yes.

Mr. WHITTEN. Yes. We should be glad to have it for the record. (The information follows:)

COMMODITY REMOVAL PROGRAMS

<i>Program</i>	<i>Method of financing</i>
Removal of surplus agricultural commodities:	Section 32—Annual permanent appropriation equivalent to 30 percent of customs receipts of previous calendar year and up to \$300,000,000 of unused balances.
(a) Direct purchases	
(b) Diversion payments	
(c) Export payments	
(d) Food stamp program	
School lunch-----	Partly by direct appropriation and partly by transfer from section 32 funds.
Special milk-----	Annual appropriation.
Price support-----	Initially financed by CCC borrowing authority of \$14,500,000,000 and capital stock of \$100,000,000. Losses are reimbursed subsequently by appropriation.

COMMODITY REMOVAL PROGRAMS—Continued

<i>Program</i>	<i>Method of financing</i>
Commodity export-----	Same as price support.
Supply and foreign purchase-----	Same as price support, except that in addition the Corporation is reimbursed by other agencies for commodities procured.
Public Law 480 programs-----	Annual appropriations. To the extent appropriations are inadequate to cover program costs, CCC borrowing authority is used to finance the balance, subject to later reimbursement by appropriation. In addition, collections are received from sales of foreign currencies to other Government agencies for specified uses under title I, and dollar repayments are received from foreign governments under title IV.
International Wheat Agreement-----	Annual appropriation. To the extent that appropriations are inadequate, CCC borrowing authority is used subject to later reimbursement by appropriation.
Bartered materials for supplemental stockpile-----	Same as IWA.

Mr. WHITTEN. May I say I am glad to see my colleague bring up the fact that, while the Corporation was created for one purpose, Congress periodically has directed it to finance additional programs and activities not directly related to its primary purpose. This has probably been done because it is a handy method to finance such things.

It makes our load on this committee much, much tougher, however, because Congress will pass legislation telling CCC to take on certain functions. The Corporation goes ahead and does it and we on the committee then get caught, like you do, where we have to pay the bill after the fact.

Mr. HORAN. That is right. And I think we ought to recognize that the time may come when we put the "last straw on the camel's back," or put the "last new shingle on a leaky roof," and something has to collapse here, if we keep on putting responsibilities on the Commodity Credit Corporation.

I have no further questions.

Mr. WHITTEN. Mr. Michel?

FEED GRAIN SALES

Mr. MICHEL. Mr. Secretary, by your own admission, you say you have been withholding grain from the market. You could sell, couldn't you?

Secretary FREEMAN. Yes, sir.

Mr. MICHEL. What would happen?

Secretary FREEMAN. Well, the price, it depends upon the amounts and volume, but a heavy sale by the Corporation would have an immediate price-depressant effect and would create disturbance and disruption in the market, which we have tried to avoid by administering very carefully the power that went with the 1961-62 Feed Grain Act to sell grain, which we recognize is a very important and very sensitive responsibility and which I will be very happy, incidentally, to be relieved of, when we get out of the surplus business. We could do that.

Secondly, the amounts that we could actually move rapidly enough to meet these needs do not balance out. We couldn't sell enough grain to meet the needs we have between now and the end of the fiscal year.

Currently, I might add, we have stepped up sales somewhat, consistent with our general program. And they are tied up now in the unavailability of boxcars at certain places. This we hope is temporary. But it is an example of the kind of thing we are subject to, that you can't completely control.

GRAIN STORAGE

Mr. MICHEL. You told us a few days ago that in 1964 you are asking for \$150 million less for storage. If you have taken over an increased amount of corn—more than what you normally thought you were going to—where is it being stored?

Secretary FREEMAN. Where is the grain being stored now?

Mr. MICHEL. Yes.

Secretary FREEMAN. Well, first of all, the grain that is coming in now is loan grain, which we may or may not pay storage on, depending upon what happens. It is stored—well first of all—

Mr. MICHEL. Anyway, has there been any marked shift from, say, private storage and private warehousing facilities to Government bins?

Secretary FREEMAN. No.

Mr. MICHEL. Not to your knowledge?

Secretary FREEMAN. No.

Mr. BEACH. None of this grain is stored in Government bins. It is only stored in Government bins after it is taken over by the Corporation.

Secretary FREEMAN. The general operating rules, we touched on this a little bit the other day and you will want to go into it I am sure in more detail, the policy is, of course, to store grain, whether wheat or feed grain, as close to the point of production initially as possible and as efficiently as possible in relation to where it will move and how it will be used. It moves into the facilities that provide the best services at a given rate, as you know. Some of this grain has moved out of Government storage, as we have disposed of it; some of it has moved out of commercial storage, some has moved out of commercial dead storage, and today it is a very difficult problem, because there are approximately 60-percent vacancies of storage space. Mr. Beach?

Mr. BEACH. I think that is about right; 50 to 60 percent, yes.

Secretary FREEMAN. We face the fact that in past years we have been short of storage and in some instances the Government has encouraged building storage. In recent years that has not been the case. But even efforts to discourage the building of storage have not always been followed, and storage in certain places has been constructed contrary to the advice of the Department, but sometimes the people who construct it forget that advice when they go shopping for having grain stored. But in terms of our current problem, we have increased sales modestly, but this is not an answer to our immediate pressing financial crises.

Mr. MICHEL. Would you supply for the record the capacity of storage being used by States presently?

Secretary FREEMAN. Yes, sir.
(The information follows:)

Space utilization of warehouses under UGSA by CCC-owned and loan grain, by States, as of Dec. 31, 1962

[In thousand bushels]

State	Total capacity, UGSA	Less CCC-owned stocks in warehouses	Less grain under loan in warehouses	Space not accounted for	Percent utilization of UGSA space
Delaware.....	870	0	0	870	0
Illinois.....	334,285	90,517	16,842	226,926	32.12
Indiana.....	101,470	24,170	4,407	72,893	28.16
Iowa.....	311,717	127,749	9,167	174,801	43.92
Kentucky.....	14,666	479	387	13,800	5.90
Maine.....	1,673	960	72	641	61.69
Maryland.....	13,048	1,520	16	11,512	11.77
Massachusetts.....	1,944	577	0	1,367	29.68
Michigan.....	30,714	3,636	2,213	24,865	19.04
New Jersey.....	461	290	0	171	62.91
New York.....	60,063	4,115	59	55,889	6.95
Ohio.....	84,431	9,019	3,066	72,346	14.31
Pennsylvania.....	9,675	626	124	8,925	7.75
Virginia.....	8,461	11	162	8,288	2.04
Wisconsin (Milwaukee).....	7,163	148	0	7,015	2.07
Total.....	980,641	263,817	36,515	680,309	30.63
Alabama.....	4,106	85	13	4,008	2.39
Arkansas.....	71,998	5,566	999	65,433	9.12
Florida.....	213	0	50	163	23.47
Georgia.....	3,854	0	260	3,594	6.75
Louisiana.....	44,453	9,139	5	35,309	20.57
Mississippi.....	9,881	366	413	9,102	7.88
New Mexico.....	15,345	6,337	4,426	4,582	70.14
North Carolina.....	5,185	64	488	4,633	10.65
Oklahoma.....	243,691	68,935	10,349	164,407	32.53
South Carolina.....	4,761	0	377	4,384	7.92
Tennessee.....	13,560	1,416	154	11,990	11.58
Texas.....	883,768	445,064	109,234	329,470	62.72
Total.....	1,300,815	536,972	126,768	637,075	51.02
In transit or trust.....		14,027		623,048	52.10
Colorado.....	65,353	29,360	2,192	33,801	48.28
Illinois (East St. Louis).....	10,059	995	0	9,064	9.89
Iowa (Council Bluffs).....	11,462	5,307	0	6,155	46.30
Kansas.....	833,380	478,157	81,088	274,135	67.11
Missouri.....	153,920	59,587	8,353	85,980	44.14
Nebraska.....	478,274	291,275	25,599	161,400	66.25
Wyoming.....	4,616	2,506	206	1,904	58.75
Total.....	1,557,064	867,187	117,438	572,439	63.24
In transit or trust.....		12,995		559,444	64.07
Iowa (Sioux City).....	10,613	6,339	0	4,274	59.73
Minnesota.....	265,048	116,233	6,017	142,798	46.12
Montana.....	46,300	12,346	2,046	31,908	31.08
Nebraska (South Sioux City).....	2,391	1,986	0	405	83.06
North Dakota.....	135,485	51,547	19,097	64,841	52.14
South Dakota.....	82,742	49,072	2,120	31,550	61.87
Wisconsin.....	51,019	19,149	279	31,591	38.08
Total.....	593,598	256,672	29,559	307,367	48.22
In transit or trust.....		3,768		303,599	48.85
Alaska.....	59	0	13	46	22.03
Arizona.....	8,859	1,030	968	6,861	22.55
California.....	75,034	16,220	1,095	57,719	23.08
Idaho.....	39,140	298	6,501	32,341	17.37
Nevada.....	2,120	432	0	1,688	20.38
Oregon.....	61,920	4,580	7,332	50,008	19.24
Utah.....	10,277	208	16	10,053	2.18
Washington.....	161,351	5,149	19,089	137,113	15.02
Total.....	358,760	27,917	35,014	295,829	17.54
In transit or trust.....		3,725		292,104	18.58
Grand total.....	4,790,878	1,952,565	345,294	2,493,019	47.96
In transit or trust.....		34,515		2,458,504	48.68

NOTE.—“Handling only” facilities combined with “storage” facilities.

1963 BUDGET AND APPROPRIATIONS

Mr. MICHEL. Going back to the beginning of fiscal year 1963, the Department asked for how much in total? What was the budget request?

Mr. GRANT. For fiscal 1963?

Mr. MICHEL. Yes, the one we are in now.

Mr. GRANT. For Commodity Credit Corporation?

Mr. MICHEL. What was the total request for the Department of Agriculture? You can supply that figure for the record.

Mr. GRANT. Yes.

Mr. MICHEL. And then to make it perfectly clear, what did the Congress actually appropriate?

Mr. GRANT. The budget estimate for 1963 in total for—I have it by categories, I am sorry, I will have to add them.

Mr. MICHEL. What I want is simply the total figure of what the original budget request was for the Department of Agriculture for fiscal year 1963, then the figure of what the Congress actually appropriated. Then of this total, what we will actually have spent, in total, at the end of this fiscal year.

Mr. GRANT. Right.

Mr. WHITTEN. I would like to have you follow that with a breakdown in categories. We have to consider the budget on this basis and we would like for the reader to fully understand.

(The information follows:)

Budget estimates and appropriations, fiscal year 1963

	Budget estimates	Appropriation act	Change
General activities.....	\$1,732,969,000	\$1,708,614,500	—\$24,354,500
Deduct Forest Service.....	222,900,000	223,295,000	+395,000
General activities (exclusive of Forest Service).....	1,510,069,000	1,485,319,500	—24,749,500
Credit agencies:			
Loan authorizations.....	(805,000,000)	(820,000,000)	(+15,000,000)
Appropriations.....	55,324,000	44,606,000	—10,718,000
Corporations.....	2,602,455,000	2,380,254,000	—222,201,000
Foreign assistance programs.....	2,186,935,000	1,576,850,000	—610,085,000
Total, U.S. Department of Agriculture (exclusive of Forest Service).....	6,354,783,000	5,487,029,500	—867,753,500

Mr. GRANT. Congress approved an appropriation of \$867,753,500 less than the original budget estimate.

Mr. MICHEL. So what we did in effect was make the paper look good last year, and now we are coming back to correct what we didn't do by facing up to reality?

Mr. GRANT. Well, there have been a number of changes. At the time the reductions were made, the Department pointed out this would be cutting us very closely. We, even as late as December, were thinking we might be able to squeeze by.

USDA FOREIGN ASSISTANCE PROGRAMS SUPPLEMENT REGULAR FOREIGN AID PROGRAM

Mr. MICHEL. Now, in this justification from the Department in contracting for this request says the combination of earlier loans on corn, due to favorable harvesting conditions, a lag in corn sales, and an increase in cotton loans, this combination and the reduced amounts

provided in the 1963 Appropriations Act for costs of foreign assistance programs have resulted in the borrowing authority being reduced to a critical low level. When we talked of costs of the foreign assistance program, we are not talking about the foreign aid bill, are we?

Mr. GRANT. No.

Mr. MICHEL. We are talking about the foreign assistance programs in the Department of Agriculture's appropriation?

Mr. GRANT. That is correct. And that is Public Law 480, primarily, but it includes the International Wheat Agreement and the bartered materials for the supplemental stockpile.

Mr. MICHEL. Yes.

Mr. HORAN. If the gentleman will yield, this item here, insofar as it supports our Public Law 480 measure, which instituted our present food for peace, but it started about 1956, is that generally incorporated—and your question led to this question—is that generally considered as the total of our foreign aid, so-called foreign aid appropriation?

Secretary FREEMAN. For general budgetary purposes, I think not. There are a variety of other programs.

Mr. HORAN. When we say we have a request for so many billions for foreign aid, it doesn't consider this item here?

Mr. GRANT. No.

Mr. HORAN. Shouldn't some reference be made in the President's presentation of this, that we are spending such-and-such hundreds of millions or billions for food for peace, which, outside of all valid arguments both pro and con, I think is in many instances making us friends?

I don't think there is any question about that today. But it ought to be recognized when we consider the whole field of foreign aid and I am not suggesting that this item be taken away from this subcommittee, because I think we are, perhaps, more able to handle it, and probably better than some other subcommittee might be able to. I think we understand more of the background.

But actually it should be mentioned at least in the footnote when we are talking about the total that we are asking the American taxpayer to shell out through either taxes or credit for this business of foreign aid.

Secretary FREEMAN. It certainly is foreign aid.

Mr. WHITTEN. If the gentleman will yield, I would like to point out here, that is the reason the committee started separating these items under separate titles in the appropriation bill. It doesn't in any way change the amounts, but it does let those who read the record see what is what, and which goes where.

Mr. HORAN. I don't think we will ever get any place fiscally, and this thing gets more complicated by the hour, until we recognize all of these items in the Federal budget.

I would go so far as to have some mechanism, so we could tell the total outlays by Federal, State, and local institutions and individuals, total outlay from the entire common purse of America. I don't think we get the full picture just looking at the Federal responsibility.

That is all, thank you.

Mr. MICHEL. Mr. Secretary, we can't truthfully say this total supplemental request of \$508 million would be attributed solely to foreign sales of surplus commodities, could we?

Secretary FREEMAN. It is title I, it is sales of our commodities for the currency of the receiving country. To the extent those currencies are used, I expect we will one day make a recap, to determine what we actually were paid for and what, in the long run, we were not paid for.

Mr. MICHEL. That is what I am really trying to get at—whether or not we could break this thing down as to just how much of it would be charged against, for example, the fact you did have to take over more corn than you thought and you sold less than you thought you were going to sell?

Secretary FREEMAN. That, I think, is a matter of our own domestic economy, the amount of corn that moves under title I is relatively limited as compared to some other commodities. But the point is well made, that the question as to what constitutes a sale in the sense of a sale for dollars will vary by country, by commodity, and by circumstances and by what happens.

NET REALIZED LOSSES OF CCC

Mr. MICHEL. Now if the Congress gives you this supplemental, in total, what is the up-to-date figure then of net realized losses for the year 1963 for Commodity Credit Corporation?

Mr. GRANT. Are you talking about what we estimate realized losses will be in 1963?

Mr. MICHEL. What will your revised estimate be of net realized losses for fiscal 1963 when we close the books on June 30?

Mr. WHITTEN. If the gentleman would yield to me, I would like to make this point to clarify this matter. This supplemental request does not necessarily change the net loss position of the Corporation. It would change the amount of money you are authorized to get from the Treasury for fiscal year 1963. However, the net loss position might be the same whether you had this fund or not.

Mr. GRANT. That is right. The estimated realized loss that we developed back at the time, in December, when this 1964 budget was being prepared, the estimated realized loss for 1963 was \$2.7 billion. However the appropriation of this amount of money would not necessarily have any bearing on this, because it will depend upon what the dispositions are and what the receipts and returns are from those sales when they are disposed of and sold.

The losses are recorded on the books of the Corporation only at the time the commodity is disposed of, except for current carrying charges.

Mr. MICHEL. But you are still sticking with that earlier estimate?

Mr. GRANT. Yes, sir; that is correct.

Mr. MICHEL. That is all, Mr. Chairman.

Mr. ADDABBO. Mr. Chairman?

Mr. WHITTEN. Yes, Mr. Addabbo.

Mr. ADDABBO. Mr. Secretary, would any of this money directly or indirectly be involved in agricultural aid being given to Cuba by the U.N.?

Secretary FREEMAN. No, sir.

Mr. WHITTEN. If there are no further questions, we wish to thank you, Mr. Secretary.

If there is any further information you feel should be presented, submit it to the committee.

LEGISLATIVE HISTORY

Public Law 88-1

H. J. Res 284

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INDEX AND SUMMARY OF H. J. RES. 284

- Feb. 11, 1963 House received supplemental appropriation estimate from the President (CCC Public Law 480 activities). H. Doc. 64.
- Feb. 26, 1963 House Appropriations Committee reported H. J. Res. 284 without amendment. H. Report No. 35. Print of resolution and report.
- Feb. 27, 1963 House passed H. J. Res. 284 without amendment.
- Feb. 28, 1963 H. J. Res. 284 was referred to the Senate Appropriations Committee.
- Senate committee reported H. J. Res. 284 without amendment. S. Report No. 9. Print of bill and report.
- Mar. 4, 1963 Senate passed H. J. Res. 284 without amendment.
- Mar. 6, 1963 Approved: Public Law 88-1.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
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Issued February 12, 1963
For actions of February 11, 1963
88th-1st, No. 21

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HIGHLIGHTS: House received supplemental appropriation estimate and budget amendment for this Department.

SENATE

1. HEALTH. Received the President's health message (previously read in the House); to Labor and Public Welfare Committee. p. 1953
2. COMMITTEE ASSIGNMENTS. Sens. Miller and Jordan of Idaho were appointed to the Joint Economic Committee. p. 1953
3. EXPORT-IMPORT BANK. Received from the Export-Import Bank proposed legislation to increase its lending authority and extend its life; to Banking and Currency Committee. p. 1954

4. APPROPRIATIONS. The Appropriations Committee was authorized to meet during Senate sessions and to report bills during Senate recesses. p. 1971
Sen. Williams, Del., commended GAO and inserted an article by Lawrence Stern, "GAO Sleuthing Pays Big Dividends." pp. 1971-2
5. WETLANDS. Sen. Metcalf inserted a speech by Max Edwards, Interior Department, "County Revenues and the Wetlands Acquisition Program." pp. 1972-4
6. TRANSPORTATION. Sen. Mansfield expressed concern about decreases in railroad service and inserted an editorial on this matter. p. 1974
7. FARM PROGRAM. Sen. Carlson inserted and discussed a paper by Walter W. Wilcox, Library of Congress, "The Rationality of U. S. Agricultural Policies." pp. 1983-8
8. EXPORT MARKETS. Sen. Javits inserted and discussed an article by Professor Henry C. Wallich, "Astonishing Blunders of U. S. Exporters Cited." pp. 1995-7
9. WATER RESOURCES. Sen. Mundt inserted a speech by Sen. Carlson, "The management of our natural resources - particularly soil and water - is the foundation on which the future of America will be built." pp. 2003-5
10. ADJOURNED until Thurs., Feb. 14. p. 2048

HOUSE

11. SUPPLEMENTAL ESTIMATES. Received from the President supplemental estimates for the fiscal year 1963 (H. Doc. 63) which include additional appropriation requests and language authorizing transfers from other funds available to this Department for pay act costs as indicated on the attached table (p. 2101). Table also includes a tabulation of previous supplemental estimates sent to the Congress on Feb. 7, 1963 in H. Doc. 61 (see Digest No. 20).
12. SUPPLEMENTAL APPROPRIATION AND BUDGET AMENDMENT. Received from the President a supplemental appropriation request for the fiscal year 1963 and a budget amendment for the fiscal year 1964 (H. Doc. 64) requesting a supplemental appropriation of \$508,172,000 for the appropriation, "Public Law 480: Sales of surplus agricultural Commodities for foreign currencies" and reducing the fiscal year 1964 budget request by the same amount. The estimate is for unreimbursed 1963 costs of this program which had been included in the budget request for fiscal year 1964. p. 2101
13. IMPORTS. The Ways and Means Committee reported with amendment H. R. 2513, to amend the Tariff Act of 1930 to require certain new packages of imported articles to be marked to indicate the country of origin (H. Rept. 33). p. 2102
14. WATER POLLUTION. Rep. Reuss urged enactment of his bill to bar from interstate commerce all surface-active detergents which do not meet standards of decomposability to be set by the Surgeon General, and inserted excerpts of correspondence supporting this legislation. pp. 2099-101
15. FOREIGN AFFAIRS. Received from the President a proposed bill "to provide for the establishment of the National Academy of Foreign Affairs"; to Foreign Affairs Committee. p. 2101
16. PROPERTY. Received from HEW a report covering personal property received by State surplus property agencies for distribution to public health and educa-

PROPOSED SUPPLEMENTAL APPROPRIATION AND AN
AMENDMENT TO THE BUDGET INVOLVING A DE-
CREASE FOR THE DEPARTMENT OF AGRICULTURE

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A PROPOSED SUPPLEMENTAL APPROPRIATION FOR THE FISCAL
YEAR 1963 IN THE AMOUNT OF \$508,172,000, AND AN AMEND-
MENT TO THE BUDGET FOR THE FISCAL YEAR 1964 INVOLVING
A DECREASE IN THE AMOUNT OF \$508,172,000 FOR THE DEPART-
MENT OF AGRICULTURE

FEBRUARY 11, 1963.—Referred to the Committee on Appropriations and ordered
to be printed

THE WHITE HOUSE,
Washington, February 11, 1963.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to transmit herewith for the consideration
of the Congress a proposed supplemental appropriation for the fiscal
year 1963 in the amount of \$508,172,000, and an amendment to the
budget for the fiscal year 1964 involving a decrease in the amount
of \$508,172,000, for the Department of Agriculture.

The details of the proposed appropriation and the amendment, the
necessity therefor, and the reasons for their submission at this time
are set forth in the attached letter from the Director of the Bureau
of the Budget, with whose comments and observations thereon I
concur.

Respectfully yours,

JOHN F. KENNEDY.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., February 11, 1963.

THE PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration a proposed supplemental appropriation for the fiscal year 1963 in the amount of \$508,172,000, and a proposed amendment to the budget for the fiscal year 1964 involving a decrease in the amount of \$508,172,000, for the Department of Agriculture, as follows:

The proposed supplemental appropriation is as follows:

DEPARTMENT OF AGRICULTURE

FOREIGN ASSISTANCE PROGRAMS

PUBLIC LAW 480

For an additional amount for "Public Law 480", for expenses and costs of sales of surplus agricultural commodities for foreign currencies pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701-1709), \$508,172,000, to remain available until expended.

The budget amendment is as follows:

DEPARTMENT OF AGRICULTURE

FOREIGN ASSISTANCE PROGRAMS

Budget appendix page	Heading	Original estimate	Revised estimate	Decrease
129	Public Law 480: Sale of surplus agricultural commodities for foreign currencies-----	\$1,960,172,000	\$1,452,000,000	\$508,172,000

Recent developments in the price support programs of the Commodity Credit Corporation indicate that the volume of price support loans will be much larger in 1963 and that commodity sales in 1964 also will be correspondingly larger than anticipated at the time the 1964 budget was being prepared. The effect of these changes is to necessitate the provision of additional funds in 1963 so that the Corporation can meet its mandatory price support obligations and thereby reduce the amount needed for 1964. The above proposals would meet these needs by reimbursing the Corporation this year rather than next year for expenses incurred by it in financing shipments of commodities in 1963 under Public Law 480.

I recommend that the foregoing proposed supplemental appropriation and budget amendment be transmitted to the Congress.

Respectfully yours,

KERMIT GORDON,
Director of the Bureau of the Budget.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
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Issued February 27, 1963
For actions of February 26, 1963
88th-1st, No. 29

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		Water conservation....20
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HIGHLIGHTS: House committee reported CCC supplemental appropriation measure. Rep. Latta urged farmers to vote to reject wheat certificate program. Rep. Dole introduced and discussed bill to require holding of wheat referendum prior to May 15, 1963.

HOUSE

1. SUPPLEMENTAL APPROPRIATIONS. The Appropriations Committee reported H. J. Res. 284 (H. Rept. 35), which includes \$508,172,000 for reimbursement to the Commodity Credit Corporation for Title I, Public Law 480 activities for fiscal year 1963, for sale of surplus agricultural commodities for foreign currencies. p. 2878
2. FOREIGN TRADE. Passed as reported H. R. 2053, to provide for 3-year suspension of the duty on importation of corkboard insulation and cork stoppers. p. 2843
Passed as reported H. R. 2513, to amend the Tariff Act of 1930 to require certain new packages of imported articles to be marked to indicate the country of origin. pp. 2840-2
Passed without amendment H. R. 1839, to amend the Tariff Act of 1930 to provide for the free importation of wild animals and wild birds which are in-

tended for exhibition in the U.S. pp. 2842-3

Rep. Mills stated that H. R. 370 would not be called up today because of the objection of Rep. Reuss. pp. 2843-4

Rep. Harvey, Ind., praised the inclusion of the amendment to the Trade Expansion Act of 1962 which "required all Communist countries, including Yugoslavia and Poland, to have their products dutiable at the full duty rate." pp. 2865-6

3. WHEAT. Rep. Latta criticized the forthcoming wheat certificate referendum especially its relation to the small wheat farmer. pp. 2868-70
4. BUDGET. Rep. Gonzalez inserted the President's recent statement before the American Bankers Association which included comments on appropriations, the public debt, taxes, etc. pp. 2872-5
5. GRAIN. Rep. Latta inserted an article, "USDA Acts to Break Grain Price in 12 States," criticizing the grain pricing policy of CCC and recommending stronger action. pp. 2870-1
6. SCIENCE. Rep. Weaver spoke about the achievements at the U.N. Conference on Science and Technology for the Benefit of the Less Developed Areas and inserted his speech presented at the conference. pp. 2863-5
7. BUILDINGS. Rep. Jones, Mo., criticized the extent of GSA plans to construct Federal buildings in small communities. p. 2837

ITEMS IN APPENDIX

8. ASC COMMITTEES. Extension of remarks of Rep. McIntire asking "what should be the makeup and purpose" of the ASC committees at the State and county levels and inserting an article, "'Don't Pack ASC,' Farmers Say 3 To 1." pp. A957-8
9. REA. Extension of remarks of Rep. Henderson inserting REA Administrator Clapp's address before the Tarheel Electric Membership Ass'n. pp. A959-61
10. PERSONNEL. Extension of remarks of Rep. Wilson inserting an article criticizing an alleged patronage clearance system in the Government's summer employment of students. pp. A961-2
11. POULTRY. Extension of remarks of Rep. Stephens inserting a Ga. Poultry Federation resolution commending the appointment of Rep. Hagan as chairman of the House Agriculture Subcommittee on Poultry. p. A963
12. COTTON. Extension of remarks of Rep. Stephens inserting Rep. Dorn's address on farm problems with particular reference to cotton farms in the South. p. A966
13. INFORMATION. Extension of remarks of Reps. Wilson, Calif., and Derwinski inserting articles, "Mr. Kennedy's Management of the News," and "Insult to the People and the Press," criticizing "deliberate obstruction" of information. pp. A967-9, A981-2
14. MINING. Extension of remarks of Rep. Chenoweth inserting the declaration of policy and resolutions adopted by the National Western Mining Conference. pp. A969-70
15. YOUTH. Rep. Hall (Mo.) inserted an editorial criticizing the President's proposed youth employment programs as a confession of "failure of individual opportunity under free enterprise." p. A972

SUPPLEMENTAL APPROPRIATIONS, FOR THE DEPARTMENT OF AGRICULTURE, 1963

FEBRUARY 26, 1963.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. WHITTEN, from the Committee on Appropriations, submitted the
following

R E P O R T

[To accompany H.J. Res. 284]

The Committee on Appropriations to which was referred the House Joint Resolution 284, making supplemental appropriations for the Department of Agriculture for the fiscal year 1963, and for other purposes, reports the same to the House without amendments and with the recommendation that the joint resolution be passed.

This resolution provides an additional \$508,172,000 for fiscal year 1963 for expenses of activities under Public Law 480, sale of surplus agricultural commodities for foreign currencies, as recommended by the President in House Document 64, dated February 11, 1963. The funds are required to reimburse the Commodity Credit Corporation for its costs in carrying out this program during fiscal year 1963, to make certain that the Corporation will have sufficient funds to meet its mandatory price support responsibilities during the balance of the current fiscal year.

When the appropriations for fiscal year 1963 were approved last fall, it appeared that ample funds would be available for the various programs of the Commodity Credit Corporation. However, due to unforeseen circumstances which have developed in recent months, the Corporation has felt it unwise to place on domestic markets its stocks of corn and feed grains which could have the effect of depressing markets. In addition, current discussions and publicity incident to possible changes in the cotton program have caused domestic and foreign buyers to delay purchases of raw cotton until this matter is resolved. Further, dairy product inventories are much higher than a year ago. These factors, which are expected to correct themselves in the next fiscal year, have caused the Corporation to have a much larger investment in commodities at this time than is normal.

As a result of these developments, the operating funds available to the Corporation for its mandatory price support functions have declined to the dangerously low level of 141.6 million dollars as of February 20, 1963. On the basis of current operating requirements this balance could be exhausted by the end of February.

The action proposed by this resolution merely moves ahead the availability of operating funds for the Corporation from the pending budget for fiscal year 1964 to fiscal year 1963. It is expected that increased sales of commodities in CCC inventories early in the next fiscal year will make funds available in comparable amounts for next year's operations. The additional funds provided by this resolution for fiscal year 1963, therefore, will be offset by a corresponding reduction in the 1964 appropriations for this purpose. Accordingly, it is expected that there will be no change in the amount of the appropriations needed for the two fiscal years.



88TH CONGRESS
1ST SESSION

H. J. RES. 284

[Report No. 35]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1963

Mr. WHITTEN introduced the following joint resolution; which was referred to the Committee on Appropriations

FEBRUARY 26, 1963

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

JOINT RESOLUTION

Making supplemental appropriations for the Department of Agriculture for the fiscal year ending June 30, 1963, and for other purposes.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, for the fiscal
5 year ending June 30, 1963, namely:

6 DEPARTMENT OF AGRICULTURE

7 FOREIGN ASSISTANCE PROGRAMS

8 PUBLIC LAW 480

9 For an additional amount for "Public Law 480", to re-
10 store the capital impairment of the Commodity Credit

1 Corporation due to expenses and costs of sales of surplus agri-
 2 cultural commodities for foreign currencies pursuant to
 3 title I of the Agricultural Trade Development and Assistance
 4 Act of 1954, as amended (7 U.S.C. 1701-1709), \$508,172,-
 5 000, to remain available until expended.

JOINT RESOLUTION

Making supplemental appropriations for the
 Department of Agriculture for the fiscal
 year ending June 30, 1963, and for other
 purposes.

By Mr. WHITTEN

FEBRUARY 26, 1963

Referred to the Committee on Appropriations

FEBRUARY 26, 1963

Committed to the Committee of the Whole House on
 the State of the Union and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
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Issued February 28, 1963
For actions of February 27, 1963
88th-1st; No. 30

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HIGHLIGHTS: House passed CCC supplemental appropriation measure. Senate subcommittee voted to report outdoor recreation development bill. Senate committee voted to report Renne nomination. Senate committee announced hearings on dairy legislation starting Mar. 18. Rep. Olsen urged additional funds for forest research. Rep. Langen introduced and discussed bill to prohibit importation of agricultural commodities already in surplus.

SENATE

1. NOMINATION. The Agriculture and Forestry Committee voted to report the nomination of Dr. Ronald R. Renne to be an Assistant Secretary of Agriculture and a member of the Board of Directors of the Commodity Credit Corporation. p. D87
2. LANDS; RESEARCH. The Agriculture and Forestry Committee voted to report (but did not actually report) without amendment S. 24, to authorize an exchange of lands at the ARS Southern Regional Research Laboratory with the city of New Orleans. p. D87
3. COMMITTEE ASSIGNMENTS. The Agriculture and Forestry Committee announced the appointment of subcommittees as follows: p. D87

- 2 -

Soil Conservation and Forestry - Sens. Eastland (chairman), Johnston, Proxmire, McCarthy, Neuberger, Aiken, Hickenlooper, and Boggs.

Agricultural Credit and Rural Electrification - Sens. Holland (chairman), Talmadge, McGovern, Edmondson, Cooper, Boggs, and Mechem.

Agricultural Production, Marketing, and Stabilization of Prices - Sens. Johnston (chairman), Holland, Proxmire, Jordan, Talmadge, McCarthy, Aiken, Young (N. Dak.), and Mechem.

Agricultural Research and General Legislation - Sens. Jordan (chairman), Eastland, Neuberger, Edmondson, McGovern, Hickenlooper, Young (N. Dak.), and Cooper.

Special Watershed Subcommittee - Sens. Talmadge, McCarthy, and Cooper.

4. DAIRY PROGRAM. The Agriculture and Forestry Committee announced that it had scheduled hearings to begin on March 18 on pending dairy legislation. p.D87

HOUSE

5. APPROPRIATIONS. By a vote of 254 to 154, passed without amendment H. J. Res. 284, which includes \$508,172,000 for reimbursement to the Commodity Credit Corporation for Title I, Public Law 480 activities for fiscal year 1963, for sale of surplus agricultural commodities for foreign currencies. pp. 2885-90

6. FARM LABOR. Rep. Teague commended the Mexican farm labor program and inserted an article entitled "Grapes of Wrath Rot in the Sun" which he stated answers "the charge that our farmers do not need the Mexican labor." p. 2918

7. OUTDOOR RECREATION. The National Parks Subcommittee of the Interior and Insular Affairs Committee voted to report to the full committee, with amendment, H. R. 1762 to promote the coordination and development of effective Federal and State programs relating to outdoor recreation. p. D90

8. FOREST RESEARCH. Rep. Olsen, Mont., proposed additional funds for forest research in Mont. and urged the "Federal Government to be a leader in the field of forest resource management." p. 2931

9. EXPENDITURES. Rep. Wilson, Ind., suggested that persons desiring to cut Government expenditures "either do not know where and how to go about it or do not care to put forth the necessary effort to be effective." pp. 2883-4

10. COMMITTEES. Agreed to resolutions providing funds for investigations by House Committees, including the Agriculture Committee. pp. 2891-2917

11. EDUCATION. Rep. Keith urged enactment of his bill for continued Federal aid for schools in federally impacted areas. pp. 2919-20

12. FOREIGN AID. Rep. Hall criticized the United Nations Special Fund for providing aid to Cuba and other nations "committed to burying the free Western civilization." pp. 2920-1

Rep. McDowell spoke in favor of continued foreign aid for Poland and inserted an article, "Letter from Warsaw." pp. 2931-6

13. VOCATIONAL REHABILITATION. Received from Health, Education, and Welfare a proposed bill "to amend the Vocational Rehabilitation Act to assist in providing more flexibility in the financing and administration of State rehabilitation programs, and to assist in expansion of services and facilities provided under such programs, particularly for the mentally retarded and other groups presenting special vocational rehabilitation problems"; to Education and Labor Committee. p. 2936

SUPPLEMENTAL APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE, 1963

Mr. WHITTEN. Mr. Speaker, under the unanimous-consent agreement entered into on Monday, February 25, I call up the resolution (H.J. Res. 284) making supplemental appropriations for the Department of Agriculture for the fiscal year ending June 30, 1963, and for other purposes, and ask unanimous consent that the resolution be considered in the House as in Committee of the Whole.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

Mr. HORAN. Mr. Speaker, reserving the right to object, and I shall not object, what will be the nature of the parliamentary procedure this afternoon?

Mr. WHITTEN. It is my understanding that under the rules, the resolution will be considered under the 5-minute limitation on debate. I would trust and hope that, if Members wish to use more time than that, within reason that they will be permitted to use such extra time as they might wish to have. I certainly hope that Members will have the opportunity to discuss the items involved in this resolution. It will be my purpose to go along with that approach. I do think we are faced with a great emergency and that we should move ahead with the resolution.

Mr. HORAN. I certainly concur in that. I want to point out to the House that this is a matter of picking up the check for a half billion dollars and I trust that any Member who has anything to say this afternoon will receive consideration and that the House will be lenient in allowing such Member to receive additional time.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk read the resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1963, namely:

DEPARTMENT OF AGRICULTURE
Foreign assistance programs
Public Law 480

For an additional amount for "Public Law 480", to restore the capital impairment of the Commodity Credit Corporation due to expenses and costs of sales of surplus agricultural commodities for foreign currencies pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701-1709), \$508,172,000, to remain available until expended.

Mr. WHITTEN. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, the Commodity Credit Corporation was organized as a corporation so that it would have corporate powers and be able to buy and sell commodities. The Commodity Credit Corporation is charged with the responsibility among others of financing the

price support system, which has been in existence, if I recall correctly, since 1933 or 1934. This corporation has three means of financing the obligations which it is directed to carry out by the Congress. One is to increase the borrowing authority. The second is to restore capital impairment, and the third is from the returns which they get from the sale of commodities. The present financial situation is such that the corporation is down to about \$100 million so far as its financial ability to meet the obligations of price supports plus the many other things that the Congress has directed the corporation to do. Last year the corporation asked the Congress to do something that we have been accustomed to doing in the last number of years, namely, to restore the capital impairment in considerable amount. The Congress, on the recommendation of our subcommittee, reduce the amount requested by some \$800 million. We were in hopes that the funds we appropriated to the corporation would be ample to meet their needs. It has developed in recent months that they are inadequate.

I would like to explain to my colleagues the reasons for this that have been given to us, and which I subscribe to. First, the corporation has about 1 billion bushels of corn which it has authority to sell. If the corn were sold, the proceeds would be usable by the corporation to meet its other obligations. However, it is believed that to force that corn on the domestic market at this time would force the price down to the point where it would cost the Government and the producers much more money than would otherwise be the case if this corn was not forced on the market at the present time.

In addition to that, in recent weeks there has been much agitation about reducing the price of cotton. No action has been taken in that regard, but because of discussions and the press releases on this subject nobody has been buying cotton. Where it was believed by the corporation that much of it would go into the domestic trade, the trade has been holding off in hopes of a lower price. The farmer having no market has had to turn to the Corporation for a loan so that the Corporation has a great deal more money invested in cotton on loan than anticipated.

What we have done here is to bring forward about half a billion dollars from the request for the next fiscal year into this fiscal year so the Corporation will have funds with which to operate and with which to carry out its price support obligations for the rest of the current fiscal year.

I would like to point out here that if the Congress should not act favorably on this resolution—and I hope it will—it would leave the Corporation in a deficit position possibly within a week or 10 days.

They find themselves in this difficult position because of the wording of the very act itself. The law says they shall support prices and make loans, but it also says that if they do so and do not have the money they also violate the law. The Secretary told us that, should this

money not be appropriated, he would have to send out notices that it would be impossible to carry out further price supports and make further loans on agricultural commodities. This the Secretary said would result in chaos.

I repeat again, the Corporation has commodities to which they have title and can sell. It also has others which are securities for loans and which cannot be sold until the loan is due.

In this resolution we have brought forward funds from the next fiscal year to this fiscal year to the extent of half a billion dollars. I do not see that anybody on either side of the aisle can do anything but go along with this resolution in view of the emergency facing the Corporation at the present time.

Mr. HORAN. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, I am sort of reminded of a couplet today as we bring up this bill for over half a billion dollars for repairment of the Commodity Credit capital structure.

There was a dachshund once so long it had
not any notion
Of how long it took to notify his tail of his
emotion;
And so it happened that one day while his
eyes were filled with woe and sadness
That his little tail went wagging on because
of previous gladness.

Today we are picking up a check for money that has already been spent. It is difficult for us to ride herd on such an expenditure. I am aware that those of us on the Appropriations Committee are not apt to win any popularity contest any place, but we do have a responsibility to check on items that come out of the Federal Treasury, and this is one of them.

At a time when our national debt is over \$300 billion, at a time when we are talking about tax reductions and controlled deficits, this half billion dollars will be added to the already large deficit of fiscal year 1963. I just want to serve notice on those in control of the Commodity Credit Corporation that they have a job to do as well as the Congress, and that is to see that our Federal moneys are not squandered. Commodity Credit began as a comparatively small corporation; now it is a \$14.5 billion corporation. It began as a means of making price supports effective. It has already added \$20 billion to the national debt, I might add that since we started repairing its capital structure we have added commodity export items to the Commodity Credit responsibility; part of our supply and farm purchase program is added to the Commodity Credit responsibilities. A good share of Public Law 480 is now being added to the Commodity Credit liabilities. The International Wheat Agreement is in the same category as are bartered materials. Through investigations by the General Accounting Office we know that there have in the past been loose practices under this enormous operation, and at this time I want to serve notice as a member of our subcommittee that we will expect the internal audit of the Commodity Credit Corporation to do a better job.

Mr. Speaker, I yield back the balance of my time.

Mr. FINDLEY. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, that a critical financial problem exists in the Commodity Credit Corporation cannot be denied. If Congress fails to approve this appropriation, the Commodity Credit Corporation will have to choose among several courses of action, all of them undesirable. But this is the appropriate and proper place to ask why the Commodity Credit Corporation is today in trouble. One would think that \$14.5 billion is enough money for anybody to play with.

From reading the documents and the testimony in the hearing report on this bill, one might conclude that this is the result of inexorable forces that have moved against Secretary Freeman, that the blame belongs at the door of Congress and at the door of the weatherman and marketplace conditions over which Mr. Freeman can have no control.

I invite your attention in the committee hearings to the repeated use of the expression "mandatory obligations."

On page 3 of the report, the Secretary's written report says the appropriation is needed so the Corporation "can meet its mandatory price support obligations." Again, on the same page, it is stated the borrowing authority of the Commodity Credit Corporation has dropped "to such a low level that its ability to finance the mandatory price support programs has been seriously impaired."

In the next paragraph the phrase "mandatory obligations" is repeated. It appears again near the top of page 4.

The report does not disclose who established the level of supports which led to these mandatory obligations. Was it Congress? It was not. Was it the farmer? It was not.

The responsibility for the financial plight of the Commodity Credit Corporation should be laid at the door of Orville L. Freeman, the Secretary of Agriculture.

Time after time, in his conduct of his office, he has used discretionary authority to set price supports at unrealistic levels.

In dairy, he increased the level of supports in 1961 to an unrealistic level, causing an accumulation of dairy inventories in Commodity Credit about a half a billion dollars higher than when he took office.

In 1962 he begged the Committee on Agriculture to take him off the hook for this unwise action by passing a resolution fixing dairy supports at this unwise level. The committee quite properly refused to do so, and the Secretary in a belated, too late effort to meet the problem, lowered the support level. But the damage was done, and this unwise action by Secretary Freeman contributed to the financial crisis now before the House.

In cotton, he increased the level of price supports to 32.5 cents a pound, more than 8 cents a pound above world levels. More and more, the Commodity Credit Corporation has become the market for American cotton, and today about \$200 million more in Commodity Credit Corporation funds are tied up in

cotton inventories than when Mr. Freeman took office.

The Commodity Credit Corporation supplies about 40 percent of the needs of American cotton today, and if we continue to move in the present direction, we can expect a greater and greater demand on the funds of the Commodity Credit Corporation.

Worse is yet to come in cotton. The inventory of Government cotton is expected to reach 10 million bales by August 1 of this year—an unprecedented level.

Of course, this will tie up still more of Commodity Credit Corporation funds.

The Committee on Agriculture has been considering the cotton problem. It is still considering this problem. Cotton is in a critical condition today, the worst in its history, due mainly to the unrealistic level of price supports in recent years.

The SPEAKER. The time of the gentleman from Illinois [Mr. FINDLEY] has expired.

(Mr. FINDLEY asked and was given permission to proceed for 5 additional minutes.)

Mr. FINDLEY. Mr. Speaker, Mr. Freeman set the level last year at 32.5 cents a pound, despite growing inventories and the relatively low level of world markets. On the day before the Committee on Agriculture was expected to take final action on this cotton bill Mr. Freeman had the gall to announce that the support level for cotton would again this year be at the same unrealistically high level; it would stay at 32.5 cents a pound. Mr. Freeman had authority to set cotton supports at 30 cents a pound or 28 cents a pound or 26 cents a pound and he could have thereby helped to relieve the critical financial problem which is now before us. But he did not. He left the level at 32.5 cents a pound—the level which has caused such a heavy buildup of Government stocks.

I invite your attention to law which should govern the action of the Secretary in setting the level of price supports for cotton. I refer to section 401, page 137 of the compilation of statutes relating to the Department of Agriculture. It lists the factors which the Secretary is supposed to take into account in determining the level of cotton support. No. 3 is "the availability of funds."

Less than a month ago the Secretary of Agriculture, obviously with full knowledge of the critical financial plight of the Commodity Credit Corporation, still took the unwise action of once again fixing the level of cotton support at 32.5 cents a pound, ignoring the requirement spelled out in the statute.

In wheat, Mr. Freeman again used discretionary authority when he took office to jack up the level of supports to \$2 a bushel, once more inviting excessive production. As a result of this unwise action on the Secretary's part, about a half a billion dollars more is tied up in wheat inventories than when he took office.

In soybeans, the wonder crop of the farm belt, a commodity that was healthy and in good condition and selling well

at home and abroad when Mr. Freeman took office, he took the unwise action of raising price supports for soybeans and today we have about \$50 million tied up in soybean inventories.

In corn the Secretary had the same latitude in fixing price supports.

Is the feed grains program a success? I invite your attention to the reasons given by Secretary Freeman in requesting over half a billion dollars more for the Commodity Credit Corporation. Each of the four reasons he gives—and they are listed on page 4 of the committee hearings—indicate a failure of the feed grains program, and failure of other supply management programs about which he speaks so highly.

For 2 years we have heard about cotton and tobacco as being success stories in supply management, the pattern after which we should plan control of corn and wheat and other commodities.

I invite your attention once more to the committee hearings, page 10. The fact is brought out there of the highest takeover in years by CCC of flue-cured tobacco; about 17 percent of all the production was brought under loan, which means once more increased tieup of CCC funds.

The problem which we have before us today could properly be labeled "made by Secretary Freeman." It is true we have these obligations which we must meet but it is important that we know where the responsibility lies.

In this same hearings record there are listed several alternative courses of action if the Congress should fail to pass this bill. And, as I said earlier, all of them are undesirable. I would like to suggest one other course of action which might help, and that is to have a new Secretary of Agriculture.

Mr. MICHEL. Mr. Speaker, I move to strike out the requisite number of words.

Mr. Speaker, first I want to commend the gentleman from Illinois—who just a moment ago, spoke so eloquently in developing the true facts of this matter. He is a very studious member of the House Committee on Agriculture and his knowledge, ability and hard work has won him the respect of Members on both sides of the aisle. Those of us from Illinois are especially proud to claim him as a member of our State delegation.

Mr. Speaker, we are talking today about a half billion dollars—\$508 million, to be exact. This is an item which we cannot treat lightly.

The able chairman of our subcommittee would say that what we are doing is taking an appropriation for the fiscal year 1964 and juggling it back to the year 1963, so this is not really too much to be concerned about. But, I just want to remind you that later on in the year we are going to be coming out with the Department of Agriculture appropriation bill of a specific figure, and I wonder if next year, at this very same time, we will not be back here picking up the tab again for a supplemental bill in the neighborhood of half a billion dollars. It cannot be treated lightly. We are

simply switching it from one fiscal year to another.

Mr. HORAN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Washington.

Mr. HORAN. I think if you take the total amount obligated now and the fact that \$20 billion has been appropriated to repair that capital structure, you will find you will wind up with obligations that total \$34 billion. That is more money than I ever expect to have in my life, I will tell you that.

Mr. MICHEL. I thank the gentleman.

It has been true that in the last several years we have used the mechanism of restoring the capital impairment of the Commodity Credit Corporation by direct appropriations. The question was raised as to whether it might not be wise to raise the statutory limit of borrowing authority of \$14.5 billion. This kind of legislation would have to come from the Committee on Banking and Currency. It may not be a bad idea for that committee to take a look into the operations of the Commodity Credit Corporation. Maybe a good ventilating of the problem would benefit all of us.

I do not appreciate the Secretary's attitude of referring to all of this increase as being attributed solely to the denial of funds by Congress for the foreign assistance program. By his own admission, for some time he has withheld corn and feed grains from the home market. I might say to those Members who come from the consuming areas of the country, when you go to buy steak and hamburger and pork chops and the price is pretty high, bear in mind that the Secretary says, "One of the reasons I am withholding corn and feed grains from the market is that livestock production is running about 4-percent above last year. If we put more feed on the market it might increase production even more." You and I know the law of supply and demand says the more there is the cheaper the price is going to be. Is this foreign assistance or is it a fictitious manipulation by the Secretary of Agriculture to get more funds to keep feed off the market and prices high at home? You folks from the consuming areas ought to be concerned about this. The same scheme applies to cotton and the prices you pay for its products.

Our good chairman of the subcommittee said that 562 million bushels of corn were in the Commodity Credit Corporation's stocks. I think to get the real impact of this we ought to talk about it in terms of dollars and cents. Currently, as of February 15, we have in the Commodity Credit Corporation corn valued at \$999,623,000; wheat, \$1,911,450,000. Cotton is valued at \$810,583,000, and grain sorghums at \$521,082,000, as of the date of February 15.

As our subcommittee chairman has indicated and our ranking minority member from Washington [Mr. HORAN] has said, at this juncture there is very little we can do but simply go along, but let's keep the record straight as to who is responsible and why. We ought to bear in

mind also that there are going to be some other measures coming before this House both from the legislative committees and our Appropriations Committee. Now is the time to start some serious thinking about what we are going to do for the long haul.

One other thing we ought to bear in mind. You remember those acreages we put into the conservation reserve some years ago, and they have paid farmers to go into that reserve—1,300,000 of those acres came out of the reserve as of December 31, 1962. In this current calendar year 6 million acres will come out of that reserve. The question presents itself, Now what do we do? Does it go back into production of more stocks for Commodity Credit Corporation or do we pay them again not to grow something in a so-called conservation area?

The SPEAKER. The time of the gentleman from Illinois has expired.

(By unanimous consent, Mr. MICHEL was given permission to proceed for 5 additional minutes.)

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Florida.

Mr. HALEY. The gentleman is a member of the committee and of the subcommittee that held these hearings. Would the gentleman kindly comment on cheese and butter? We seem to have got into a situation here where the increase in the Commodity Credit Corporation holdings in 1 year have increased approximately \$75 million in butter alone, and in the cheese program, as I understand it. Would the gentleman comment a little on that?

Mr. MICHEL. Yes, and I must refer back to the debate during consideration on the bill when an amendment was being offered on the floor and I pointed out that the cost was going to be in the neighborhood of \$300 million and would have to go up. So we see it at the half billion mark today.

Currently, as of February 15, we have in the Commodity Credit Corporation butter valued at \$202,869,000; cheese, \$16,233,000; and dried milk \$78,149,000. In total these products alone represent an increase of \$117,467,000 over last year.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am glad to yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, on page 7 of the committee hearings, there is a conversation reported between the gentleman from Mississippi [Mr. WHITTEN] and Secretary Freeman in which it is indicated, and I quote:

Once the cotton picture settles down price-wise, this cotton will either be redeemed or title will go to the corporation, so you (meaning the Department) in turn can sell it.

Now my question is, Where do we sell these 10 million bales of cotton? I point to the fact that American cotton is already priced so high that domestic mills are no longer choosing it but are swinging instead to manmade fibers.

Second, I point to the fact that American cotton despite the heavy ex-

port subsidy of 8.5 cents per pound is losing its world markets. So when the Commodity Credit Corporation does get title to this cotton, I am wondering what we are going to do with it—are we going to sell it to the Smithsonian Institution or what?

Mr. MICHEL. I think the gentleman has raised a very good question. It is a question which I have asked of a number of people including the department, and some of my colleagues. I do not think anyone has come up with a satisfactory answer where we have a picture of the budget proposal by the department with the very optimistic view that, oh, well, there is no problem and we are going to take it over now but we will get rid of it next year.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I am glad to yield to my chairman because as knowledgeable as he is in these affairs, particularly with respect to the cotton producing situation, we will be most happy to have his comment.

Mr. WHITTEN. I appreciate the generous statement of my colleague. I just want to point out that during the preceding administration, once our subcommittee got the department to offer cotton on the world market in world trade, they sold in excess of 7 million bales in 1 year. I would also point out that the law requires that it be sold in world trade.

Further, in reference to the export subsidy which was mentioned, that was determined to be the best way to move this cotton some several years ago. But nothing in the law requires that approach. Cotton will move in world trade any time it is offered at world prices.

Mr. FINDLEY. Mr. Speaker, if the gentleman will yield, may I inquire further why it is then that American cotton is no longer going to this world market?

Mr. WHITTEN. The reason for it is that the Department has been offering it at a fixed amount of loss, what is called PIK payments. That is not required by law. And the minute the Department will do what I think it should do and what we have been trying to persuade the Department to do, in my opinion, and they offer this commodity in world trade where they have the authority, it will move. The record shows that it will move.

Mr. FINDLEY. Can the gentleman suggest what then can be done with the 10 million bales of cotton owned by the Commodity Credit Corporation?

Mr. WHITTEN. I think quite clearly that some 5½ to 6 million bales can move in world trade if it is offered at prices that are competitive, but if the prices are not competitive, then you cannot sell anything.

Mr. FINDLEY. Does the gentleman then anticipate that it will not be offered at competitive prices?

Mr. WHITTEN. Well, at this same hearing the Secretary committed himself to carry out the law and agreed that the law required him to.

Mr. MICHEL. I appreciate the colloquy between the two gentlemen be-

cause obviously there will be some legislation to come before us later and we will be able then to refer to this exchange of views.

(Mr. MICHEL asked and was given permission to revise and extend his remarks.)

The SPEAKER. The time of the gentleman has expired.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to proceed for 2 additional minutes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman spoke of the high price, if I understood him correctly, of wheat to consumers? I am sure he is aware that choice cattle prices have dropped down to about \$7.25 per hundred pounds very recently.

Mr. MICHEL. That is true. We have not seen it reflected, however, in the shops and stores around the country.

Mr. GROSS. That is right. I should like to repeat what I said yesterday on the floor of the House that last year we imported into this country and the Government permitted to come into this country 1,700 million pounds of edible meats of all kinds. That is dressed meat. This displaced the necessity for 500 million bushels of corn alone in this country to feed out the animals represented by this 1,700 million pounds of meat. How do you expect to cure that sort of situation and the question of surpluses of that kind?

Mr. MICHEL. Perhaps the gentleman from Iowa would supply for the RECORD who is responsible for the importation of these vast quantities of these commodities?

Mr. GROSS. The people who are responsible for that are those people who advocate free trade and those people who advocate the taking off of all tariffs. They are the people who are responsible.

Mr. BEERMANN. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman.

Mr. BEERMANN. It seems that we are being asked to be a party to the crime here. Price supports on corn were set at \$1.02 with an 18 cent payment in kind. Part of this supplemental appropriation is for that 18 cents a bushel on corn. If the Secretary sold the corn for \$1.20 a bushel, which was the support rate, we would not be asked to carry this part of the burden.

In addition, if the Secretary is selling corn at \$1 a bushel, it encourages more cattle feeders and builds up the number of cattle in the feed yard and reduces the price of beef on the hoof that the gentleman from Iowa just spoke about.

I might say that as long as Congress permits the Secretary of Agriculture to sell commodities for less than the Government pays there is always going to be difficulty.

The SPEAKER. The time of the gentleman from Illinois has again expired.

(By unanimous consent and at the request of Mr. PELLY, Mr. MICHEL was allowed to proceed for 1 additional minute.)

Mr. PELLY. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield.

Mr. PELLY. Can the gentleman say how much of this \$508 million impairment was due to shipment of surplus commodities to Communist Poland and to Communist Yugoslavia?

Mr. MICHEL. There is no way to break this supplemental request down in that manner; however, I can say to the gentleman that since the program began in 1954 around \$900 million worth of commodities have been supplied to Yugoslavia under this program, and some \$590 million worth of commodities have been supplied to Poland.

Mr. PELLY. Could the gentleman indicate as to whether he would support a limitation on this appropriation to prevent this business of selling to these Communist countries?

Mr. MICHEL. I would support such a limitation at the appropriate time. At a time when we are dealing with an emergency supplemental, it is impractical.

Mr. McINTIRE. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I would like to ask the gentleman from Mississippi a question in relation to the use of section 32 funds. On page 12 of the report there is a paragraph in connection with section 32 funds. I note that Mr. Grant, who, I understand, was the representative of the budget officers, makes a statement that in connection with section 32 funds, they shall be used principally for parity. My question is directed to the extent section 32 funds are also being used in connection with the disposition of commodities which are under price support and in the hands of the Commodity Credit Corporation.

Mr. WHITTEN. May I say to the gentleman that some years ago the gentleman from Washington [Mr. HORAN] and I first insisted as members of the subcommittee that these funds be used primarily for parity. Later that was incorporated in basic law.

It is my understanding that the Department has held in prior years that if they spend as much as 51 percent on parity they have met the requirements of the act and that they can use the rest on quite a wide number of things. One is the farmers' purchasing power from which the cranberry people benefited a few years ago. Presumably they would be available for other commodities with the limitation that not over 25 percent could be used on any one commodity.

Mr. McINTIRE. Some of us would like to establish the principle that the Department should advise the proper congressional committee of any proposed use which the Congress had not authorized in the preceding year. We think the appropriate committee of Congress should be put on notice.

Would it be a proper inference to draw from the gentleman's statement that this fund has been used to relieve losses

which otherwise have been borne by the Commodity Credit Corporation?

Mr. WHITTEN. It would be. But as the Secretary points out here, if this bill should not be signed in time to permit the Commodity Credit Corporation to discharge its functions a chaotic situation would result. If this bill is not enacted into law in time and the Secretary had to send out notices cutting all price supports by using section 32 funds, chaos would result.

Mr. OLIVER P. BOLTON. Mr. Speaker, I rise in opposition to the pro forma amendment in order to ask the gentleman from Illinois, if, in connection with the question of the gentleman from Washington for information, he would also include figures not only of goods that were shipped to Communist countries, but also the part of this deficit which is caused by foods being included in the so-called foreign aid program.

Mr. MICHEL. Yes, and at this particular point, to the credit of the American farmer, we ought to make it absolutely clear how much of this in total dollars and cents is going abroad in the name of foreign assistance rather than payment to American farmers.

Since 1954 about \$9 billion worth of foreign currencies have been generated by Public Law 480 agreements. Of this amount around \$7 billion has been or will be loaned back to the countries involved for economic development and mutual defense purposes. It can be said, therefore, that our regular foreign aid program has been augmented by this amount through the Public Law 480 program. It is a sizable amount when you stop to think of restoring the capital impairment in 1 year to the extent of \$2.7 billion and probably \$2 billion under the foreign assistance program.

Mr. OLIVER P. BOLTON. I thank the gentleman, because that is the point I had in mind.

I would like to ask the gentleman from Washington: Am I correct in judging from the gentleman's remarks, as well as the hearings of the committee, that he does not agree with the statement of the committee at the bottom of the page where it says:

These factors are expected to correct themselves in the next fiscal year.

Does the gentleman see anything in the future, based on his knowledge, which would lead him to that conclusion?

Mr. HORAN. Not right now. I think there is room for an awful lot of improvement in this operation. I think the gentleman will find our subcommittee agrees to that. I know we are going to go into this thing fully when we have the Commodity Credit Corporation bill before us. We have certain findings by the General Accounting Office in connection with a study of Public Law 480 which the General Accounting Office is making. I hope that will be available at the time we have our hearings on the Commodity Credit Corporation, because somebody has to use discipline in connection with the expenditure of these funds.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. OLIVER P. BOLTON. I yield to the gentleman from Illinois.

Mr. FINDLEY. I would like to ask the gentleman, if this summer we dump some 10 million bales of Government cotton on the world market at whatever price might be selected, would that be in accord with the administration's avowed goal of promoting friendly relations abroad? I ask this in light of the fact that a number of undeveloped countries are trying to develop a cotton-producing industry of their own.

Mr. OLIVER P. BOLTON. The gentleman knows well that I cannot speak for the administration.

Mr. CURTIS. Mr. Speaker, I move to strike the requisite number of words.

Mr. Speaker, I should like to ask a question of the chairman. Secretary of Treasury Dillon, and the Director of the Budget Mr. Gordon, have just testified before the Committee on Ways and Means this morning. I asked the question whether this \$500 million item had been included in the 1964 budget as presented; the recent budget message. The statement was that this would be an amendment to the budget as submitted to us a couple of weeks ago. I want to confirm that. Is that the gentleman's understanding?

Mr. WHITTEN. It is my understanding from the presentation made by the Department that these funds will be withdrawn from the budget estimate for the coming fiscal year. It is expected that they will get cash from sales in the coming fiscal year to replace the funds made available now. In effect this is an amendment or a supplemental request for this year's budget, and the coming year's budget will be reduced in the same amount.

Mr. CURTIS. Then the obligational authority for fiscal year 1964 would be reduced?

Mr. WHITTEN. Yes, that will take place.

Mr. CURTIS. I thank the gentleman. Now, on another point, Secretary Dillon said in his remarks that the reason for this situation came from the fact that the Congress failed to pass the request of the administration in connection with the agriculture program; but in reading your committee report I do not see that that is the reason. Will the gentleman comment on that? Possibly he did heretofore.

Mr. WHITTEN. Our subcommittee recommended to the Congress that we reduce last year's request for funds by \$800 million plus. It was our thought then and the thought of the Congress that they could get through the year on the amount recommended. They have not been able to do so. In our hearings, since we worked with appropriations for this Corporation, the necessity for the funds at this time was so clear and apparent, that we had to take this action. We did not attempt to develop the whole story as to what the effect of the last farm bill has been dollarwise, productivewise, and acreage-wise.

May I say to the gentleman that we will develop those facts later. There probably will be some differences of

opinion on the two sides about the matter. But those facts will be developed in our regular hearings on next year's appropriation bill. We did not do it here, because it was so clearly apparent that these funds had to be made available.

Mr. CURTIS. I thank the gentleman. Also you say, "However, due to unforeseen circumstances which have developed in recent months, the Corporation has felt it unwise to place on domestic markets its stocks of corn and feed grains."

That would appear to be something that developed in recent months. The other item that the committee seems to itemize is that dairy product inventories are much higher than a year ago. Was that something that a law would have changed?

Mr. WHITTEN. As the gentleman knows, there are many folks on his side of the aisle who say that the increase in price supports was the major factor; there are others who say that that might not have been the factor. Others might say that it is the declining use of milk and butter. I doubt that I am in a position to say what the sole cause is. I just stated, as chairman, in the report, that it is the fact. From that anybody can draw his own conclusions as to what might have been the causes. Probably there were several.

Mr. CURTIS. I thank the gentleman.

Mr. ALGER. Mr. Speaker, will the gentleman yield?

Mr. CURTIS. I yield to the gentleman from Texas.

Mr. ALGER. Mr. Speaker, I am opposed to this program which I think sets up abuses both of counterpart funds and certainly in perpetuating the creation of surpluses of our commodities.

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. JOELSON. Mr. Speaker, having exhausted billions of dollars, the Department is now asking for an additional \$508 million due to what it calls "unforeseen circumstances."

There is no point in our cutting appropriations in the first place if the various governmental agencies feel that they can come back for supplemental appropriations if they run short.

I might add that the entire agricultural program gives a planned economy to the farmers. It is strange to hear some Congressmen who oppose all social legislation as socialistic and alien argue the merits of the price-support program.

It seems they champion free enterprise for everyone except the farmer, the rugged individualists are not so rugged or individualistic when it comes to themselves.

Mr. ADDABBO. Mr. Speaker, I rise in support of this legislation. Normally, representing a district of consumers, I would vote against any appropriation for subsidies which would in turn create greater costs for consumers. However, today I rise in support of this legislation as this is an appropriation for the Commodity Credit Corporation whose activities are governed by legislation passed

by the Congress and this appropriation is needed to fulfill the obligations of legislation previously passed. In addition, the 1963-64 budget is reduced by the amount we appropriate today.

As a member of the Committee on Appropriations, in questioning the Secretary of Agriculture, he specifically set forth that unless this money is appropriated the Government would not be able to meet its commitments to the people and this would affect the economy not only of the farmers but of the entire Nation.

I will continue to work for the benefit of the consumers and the reduction of subsidies to the end result that one day subsidies may be entirely eliminated. This, I believe, will be to the benefit of all, consumers and farmers.

Mr. WATSON. Mr. Speaker, there are reservations in my mind as to the necessity or propriety of supporting this particular measure.

After listening to the compelling arguments of the subcommittee chairman from Mississippi and the admission by the Republican leadership that we have no alternative at this time but to approve the requested appropriation, I am reluctantly supporting the resolution.

Everyone seems in unanimous accord that Congress has ordered that the Commodity Credit Corporation perform a certain job and that adequate money for the performance of this congressional order is not available because of factors beyond the control of the Corporation itself. Additionally our failure to appropriate the needed funds now would result in serious hardship, even chaos as one suggested, to many of our farmers who are already facing difficult financial circumstances.

I am supporting this supplemental appropriation because the subcommittee chairman has assured us that it is his full expectancy that the amount presently being appropriated under this resolution will be deducted from the proposed budget of this Department for the next ensuing fiscal year. Nevertheless, it is wise for us to serve notice on this agency and others similarly situated that we shall expect them to operate within their budgets and, that in the absence of a real national emergency, this body will not resort to such promiscuous supplemental appropriations.

Mr. ALGER. Mr. Speaker, my opposition to House Joint Resolution 284, supplemental appropriations for the Department of Agriculture, is very basic. Public Law 480 has become not just a means of disposing of surplus foods, but a reason for continuing the piling up of surpluses. The tail is wagging the dog. An emergency program has become self-perpetuating. Further, this program is really a foreign aid program, yet has seldom been so considered except incidentally in totaling yearly aid. The abuse or misuse of taxpayers' money is best seen on those many occasions when we have shipped these foods to Communist countries.

Nor is there much to commend the generating of counterpart funds. We get no pay, except in local currency

that must be used locally, and which has been subject to much abuse.

Finally, the Federal Government is not intended to be in the business of feeding people. It is unconstitutional.

The SPEAKER. The question is on engrossment and third reading of the joint resolution.

The joint resolution was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on passage of the joint resolution.

Mr. PELLY. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 254, nays 154, not voting 27, as follows:

[Roll No. 5]

YEAS—254

Abbott	Gialmo	Murphy, N.Y.
Abernethy	Gilbert	Murray
Addabbo	Gill	Natcher
Albert	Gonzalez	Nedzi
Anderson	Grabowski	Nelsen
Andrews	Grant	Nix
Ashley	Gray	Nygaard
Ashmore	Green, Oreg.	O'Brien, N.Y.
Asplnall	Green, Pa.	O'Hara, Ill.
Avery	Gross	O'Konski
Barrett	Hagan, Ga.	Olsen, Mont.
Bass	Hagen, Calif.	Olson, Minn.
Battin	Hanna	O'Neill
Beckworth	Hansen	Passman
Belcher	Harding	Patman
Berry	Hardy	Patten
Boggs	Harris	Pepper
Boland	Harvey, Ind.	Perkins
Bolling	Hechler	Philbin
Bolton,	Henderson	Pilcher
Frances P.	Hoeven	Pirnie
Bonner	Hollifield	Poage
Bray	Holland	Poff
Bromwell	Horan	Powell
Brooks	Huddleston	Price
Brown, Calif.	Hull	Pucinski
Burke	Ichord	Purcell
Burkhalter	Jarman	Quile
Burleson	Jennings	Rains
Byrne, Pa.	Jensen	Randall
Cameron	Johnson, Calif.	Reifel
Cannon	Johnson, Wis.	Reuss
Carey	Jones, Ala.	Rhodes, Ariz.
Celler	Jones, Mo.	Rhodes, Pa.
Chelf	Karsten	Rivers, Alaska
Clark	Kastenmeier	Rivers, S.C.
Cohelan	Kee	Roberts, Ala.
Colmer	Keogh	Roberts, Tex.
Cooley	Kilgore	Rodino
Corman	King, Calif.	Rogers, Colo.
Daddario	Kirwan	Rogers, Tex.
Danels	Kluczynski	Rooney
Davis, Ga.	Kornegay	Roosevelt
Davis, Tenn.	Kyl	Rosenthal
Dawson	Laird	Roush
Delaney	Landrum	Roybal
Dent	Langen	Ryan, N.Y.
Denton	Lankford	St. Germain
Diggs	Leggett	St. Onge
Dingell	Lennon	Schwengel
Donohue	Lesinski	Scott
Dowdy	Lilbonati	Selden
Downing	Long, La.	Senner
Doyle	Long, Md.	Shelley
Dulski	McDowell	Shpley
Duncan	McFall	Short
Edmondson	McIntire	Shriver
Edwards	McMillan	Sickles
Elliott	MacGregor	Sikes
Everett	Mahon	Sisk
Evins	Marsh	Skubitz
Farbstein	Martin, Nebr.	Slack
Fascell	Matsunaga	Smith, Iowa
Finnegan	Matthews	Smith, Va.
Fisher	May	Springer
Flood	Miller, Calif.	Staeblar
Flynt	Mills	Staggers
Fogarty	Mlinsh	Steed
Forrester	Monagan	Stephens
Fountain	Montoya	Stratton
Fraser	Moorhead	Stubblefield
Friedel	Morgan	Sullivan
Fulton, Tenn.	Morris	Thomas
Fuqua	Morrison	Thompson, La.
Gallagher	Morton	Thompson, Tex.
Garmatz	Moss	Thomson, Wis.
Gary	Multer	Thornberry
Gathings	Murphy, Ill.	Toll

Trimble
Tuck
Tuten
Udall
Ullman
Van Deerlin
Vanik
Vinson

Watson
Watts
Weltner
White
Whitten
Wickersham
Williams
Willis

Wilson,
Charles H.
Winstead
Wright
Young
Zablocki

NAYS—154

Abele
Adair
Alger
Arends
Ashbrook
Auchincloss
Ayres
Baker
Baldwin
Baring
Barry
Bates
Becker
Beermann
Bell
Bennett, Fla.
Bennett, Mich.
Betts
Bolton,
Oliver P.
Brock
Broomfield
Brotzman
Brown, Ohio
Broyhill, N.C.
Bruce
Burton
Byrnes, Wis.
Cahill
Casey
Cederberg
Chamberlain
Chenoweth
Clancy
Clausen
Cleveland
Collier
Conte
Corbett
Cramer
Cunningham
Curtin
Curtis
Dague
Derounian
Derwinski
Devine
Dole
Dorn
Dwyer
Ellsworth
Feighan

Findley
Fino
Ford
Foreman
Frelinghuysen
Fulton, Pa.
Gibbons
Glenn
Goodell
Goodling
Griffin
Griffiths
Grover
Gubser
Gurney
Haley
Hall
Halleck
Halpern
Harrison
Harsha
Harvey, Mich.
Hays
Herlong
Hoffman
Horton
Hosmer
Hutchinson
Joelson
Johansen
Jonas
Keith
Kelly
Kilburn
King, N.Y.
Knox
Kunkel
Latta
Lindsay
Lipscomb
Lloyd
McClory
McCulloch
McDade
McLoskey
Mallard
Martin, Calif.
Martin, Mass.
Michel
Miller, N.Y.
Milliken
Minshall

Moore
Mosher
Norblad
Osmers
Ostertag
Pelly
Pike
Pillion
Pool
Reid, Ill.
Reid, N.Y.
Rich
Riehlman
Robison
Rogers, Fla.
Roudebush
Rumsfeld
Ryan, Mich.
St. George
Saylor
Schadeberg
Schenck
Schneebeli
Schwulker
Secrest
Sibal
Siler
Smith, Calif.
Snyder
Stafford
Stinson
Taft
Talcott
Taylor
Teague, Calif.
Tollefson
Tupper
Utt
Van Pelt
Waggonner
Wallhauser
Weaver
Westland
Whalley
Wharton
Whitener
Wildnall
Wilson, Bob
Wilson, Ind.
Wyder
Younger

NOT VOTING—27

Blatnik	Hébert	O'Hara, Mich.
Bow	Hemphill	Quillen
Brademas	Karth	Rostenkowski
Broyhill, Va.	Macdonald	Sheppard
Buckley	Madden	Teague, Tex.
Fallon	Mathias	Thompson, N.J.
Gavin	Meader	Walter
Hawkins	Morse	Wyman
Healey	O'Brien, Ill.	

So the joint resolution was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Gavin against.
Mr. Rostenkowski for, with Mr. Morse against.

Mr. Hemphill for, with Mr. Wyman against.
Mr. Fallon for, with Mr. Quillen against.

Until further notice:

Mr. O'Brien of Illinois with Mr. Meader.
Mr. Buckley with Mr. Broyhill of Virginia.
Mr. Brademas with Mr. Mathias.
Mr. Macdonald with Mr. Bow.

The result of the vote was announced as above recorded. A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days to extend their remarks on the joint resolution just passed.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

ELECTION TO COMMITTEE

Mr. HALLECK. Mr. Speaker, I offer a privileged resolution and ask for its immediate consideration.

The Clerk read as follows:

H. RES. 264

Resolved, That JAMES E. BROMWELL, of Iowa, be, and he is hereby elected a member of the standing Committee of the House of Representatives on Veterans' Affairs.

The resolution was agreed to.

A motion to reconsider was laid on the table.

AUTHORIZATION OF U.S. COAST GUARD APPROPRIATIONS

Mr. BONNER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 79) to amend title 14, United States Code, to require authorization for certain appropriations.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That after December 31, 1963, funds may not be appropriated to or for the use of the Coast Guard for the construction of shore or offshore establishments, or for the procurement of vessels or aircraft, unless the appropriation of such funds has been authorized by legislation enacted after that date.

SEC. 2. Chapter 17 of title 14, United States Code, is amended by adding at the end thereof the following new section:

"§ 656. Use of appropriations to restore, replace, establish, or develop facilities

"(a) The Secretary may use any funds appropriated to or for the use of the Coast Guard for other construction purposes to restore, repair, or replace facilities that have been damaged or destroyed, including acquisition of sites.

"(b) The Secretary may use any funds appropriated to or for the use of the Coast Guard for other construction purposes to acquire, construct, convert, extend, and install at Coast Guard installations and facilities, needed permanent or temporary public works, including the preparation of sites and the furnishing of appurtenances, utilities, and equipment, but excluding the construction of family quarters, costing not more than \$200,000 for any one project.

"(c) The Secretary shall report every six months to the Committee on Commerce of the Senate and the Committee on Merchant Marine and Fisheries of the House of Representatives on the administration of this section."

SEC. 3. The analysis of chapter 17 of title 14, United States Code, is amended by adding the following new item at the end thereof:

"656. Use of appropriations to restore, replace, establish, or develop facilities."

Amend the title so as to read: "A bill to require authorization for certain appropriations for the Coast Guard, and for other purposes."

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued March 1, 1963
For actions of Feb. 28, 1963
88th-1st; No. 31

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HIGHLIGHTS: Senate committees reported CCC supplemental appropriation measure and outdoor recreation development bill. Both Houses received President's civil rights message including recommended amendment on land grant colleges. Senate committee reported Renne nomination. Sen. Morse expressed concern over Common Market restrictions on agricultural imports. Rep. Cooley criticized sugar amendments of 1962. Sen. Magnuson introduced bill to provide two additional Assistant Secretaries in this Department. Sen. Hart introduced and discussed dairy bill. Sen. Tower submitted measure to provide gradual termination of Federal farm controls.

HOUSE

1. CIVIL RIGHTS. Both Houses received the President's civil rights message; to Judiciary Committees (pp. 3085-6, 2941). The President recommended elimination of the reference to "separate but equal" education facilities in the Morrill Land Grant College Act and reported on civil-rights progress in various areas, including Federal Government employment, use of national forests, and housing financed by the Farmers Home Administration.

2. FOREIGN AID. Rep. McNagan urged that the members of the President's Foreign Aid Study Committee take a critical approach in reviewing new proposals for foreign aid authorization. pp. 3070-1

Rep. Hall inserted a table listing the projects of the U. N. Special Fund. pp. 3071-7

3. SUGAR. Rep. Cooley criticized the 1962 amendments to the Sugar Act and discussed the sugar situation. pp. 3088-95
4. APPROPRIATIONS. Rep. Pelly urged record votes on all spending bills and claimed that the recent CCC request was substantially the result of aiding Poland and Yugoslavia. pp. 3098-9
5. YOUTH CONSERVATION. Rep. Hechler urged a larger scope for the Youth Conservation Corps than was recommended by the Administration. pp. 3106-7
6. EXPORT CONTROL. Received from Commerce a quarterly report on export control. p. 3108
7. PERSONNEL. Received a report from the Civil Service Commission on supergrade positions. p. 3108
8. EXPORT-IMPORT BANK. The Banking and Currency Committee voted to report (but did not actually report) H. R. 3872, to increase the lending authority of the Export Import Bank, and to extend its life. p. D95
9. RECLAMATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) H. R. 1892, amended, to repeal the Pittman Act authorizing underground-water reclamation grants. p. D95
10. ADJOURNED until Mon., Mar. 4 when the Consent Calendar will be considered. p. 3070

SENATE

11. APPROPRIATIONS. The Appropriations Committee reported without amendment H. J. Res. 284, which includes \$508,172,000 for reimbursement to the Commodity Credit Corporation for Title I, Public Law 480 activities for fiscal year 1963, for sale of surplus agricultural commodities for foreign currencies (S. Rept. 9). Sen. Holland stated that "we hope to take up the measure in the shortest possible time." p. 2945
12. OUTDOOR RECREATION. The Interior and Insular Affairs Committee reported with amendments S. 20, to promote the coordination and development of effective Federal and State programs relating to outdoor recreation (S. Rept. 11). p. 2945
13. NOMINATION. The Agriculture and Forestry Committee reported the nomination of Dr. Roland R. Renne to be an Assistant Secretary of Agriculture and a member of the Board of Directors of the Commodity Credit Corporation. pp. 2941-2
14. FOREIGN TRADE. Sen. Morse expressed concern over European Common Market "tariff walls being erected against agricultural products," and inserted two articles discussing possible restrictions in the future on U. S. exports to Common Market countries. pp. 3007-9
15. FARM PROGRAM. Sen. Morse inserted and commended an article pointing out the importance of agriculture to the domestic economy and stating that agriculture is the largest single industry in the U. S. p. 3007
16. GRAZING FEES. Received a Colo. Legislature resolution urging Congress to direct the Bureau of Land Management to withhold any adjustments in domestic livestock grazing fees until congressional hearings have been held on the matter. p. 2944

SUPPLEMENTAL APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE, 1963

FEBRUARY 28, 1963.—Ordered to be printed

Mr. HOLLAND, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.J. Res. 284]

The Committee on Appropriations, to whom was referred House Joint Resolution 284, making supplemental appropriations for the Department of Agriculture for the fiscal year 1963, and for other purposes, report the same to the Senate without amendment with the recommendation that the joint resolution be passed.

The committee recommends an additional appropriation of \$508,172,000 for the Department of Agriculture under the foreign assistance programs for title I of Public Law 480 to reimburse the Commodity Credit Corporation in fiscal year 1963 for the expenses and costs of the sales of surplus agricultural commodities for foreign currencies.

This supplemental budget request, proposed in House Document 64, deals solely with a reimbursement appropriation to the Commodity Credit Corporation for expenses and costs incurred in fiscal 1963 under title I of Public Law 480.

The regular Agricultural Appropriation Act, 1963, provided \$1,080,632,000 which, together with the supplemental of \$508,172,000 recommended herein, will provide a total of \$1,588,804,000 for these expenses and costs under title I of Public Law 480. This supplemental appropriation advances \$508,172,000 from the 1964 budget estimate to fiscal year 1963.

Reimbursement appropriations are made each year to restore the capital structure of the Commodity Credit Corporation. The regular Agricultural Appropriation Act, 1963, provided \$832,000,000 less than the amounts requested in the budget for the reimbursement appropriations for the Commodity Credit Corporation. Including the supplemental amount recommended herein, the amounts provided for fiscal 1963 are \$324,000,000 under the original budget requests.

The Commodity Credit Corporation has the responsibility for financing price support, commodity purchase, and related programs through the use of its own funds and a borrowing authorization of \$14.5 billion. When the 1964 budget was submitted to the Congress, it was believed that the Department would have sufficient borrowing authority to enable it to carry out all of its authorized programs for the remainder of fiscal 1963. In recent weeks, unanticipated circumstances have accelerated the use of the borrowing authority of the Commodity Credit Corporation.

The Secretary of Agriculture has reported to the committee that as of February 28 available funds had decreased to \$127.6 million. The rapid change in the use of borrowing authority is occasioned by unusually heavy demands for loans on 1962 crop corn, by decrease in the receipts from feed grain sales, by a larger quantity of cotton loans, by continuing heavy demands for dairy product purchases, for export payments, by costs under Public Law 480, and for acreage diversion payments.



Calendar No. 10

88TH CONGRESS
1ST SESSION

H. J. RES. 284

[Report No. 9]

IN THE SENATE OF THE UNITED STATES

FEBRUARY 28, 1963

Read twice and referred to the Committee on Appropriations

FEBRUARY 28, 1963

Reported by Mr. HOLLAND, without amendment

JOINT RESOLUTION

Making supplemental appropriations for the Department of Agriculture for the fiscal year ending June 30, 1963, and for other purposes.

1 *Resolved by the Senate and House of Representatives*
2 *of the United States of America in Congress assembled,*
3 That the following sums are appropriated, out of any money
4 in the Treasury not otherwise appropriated, for the fiscal
5 year ending June 30, 1963, namely:

6 DEPARTMENT OF AGRICULTURE

7 FOREIGN ASSISTANCE PROGRAMS

8 PUBLIC LAW 480

9 For an additional amount for "Public Law 480", to re-
10 store the capital impairment of the Commodity Credit

1 Corporation due to expenses and costs of sales of surplus
2 agricultural commodities for foreign currencies pursuant to
3 title I of the Agricultural Trade Development and Assistance
4 Act of 1954, as amended (7 U.S.C. 1701-1709), \$508,-
5 172,000, to remain available until expended.

Passed the House of Representatives February 27,
1963.

Attest:

RALPH R. ROBERTS,

Clerk.

[Report No. 9]

JOINT RESOLUTION

Making supplemental appropriations for the
Department of Agriculture for the fiscal
year ending June 30, 1963, and for other
purposes.

FEBRUARY 28, 1963

Read twice and referred to the Committee on
Appropriations

FEBRUARY 28, 1963

Reported without amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
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For actions of March 4, 1963
88th-1st, No. 33

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		Youth corps.....32

HIGHLIGHTS: Senate passed CCC supplemental appropriation measure. Senate committee reported bill to establish Commission on Science and Technology. Sen. Javits inserted Jean Monnet speech favoring British membership in Common Market. Rep. Bow inserted and discussed Republican task force statement favoring reductions in budget.

SENATE

1. APPROPRIATIONS. Passed without amendment H. J. Res. 284, which includes \$508,172,000 for reimbursement to the Commodity Credit Corporation for Title I, Public Law 480 activities for fiscal year 1963, for sale of surplus agricultural commodities for foreign currencies. This measure will now be sent to the President (pp. 3313-25). Sen. Holland inserted a letter during debate from Secretary Freeman enclosing a statement classifying expenditures of this Department by functions as reflected in the budget for fiscal year 1963 (p. 3323). Unanimous consent was granted for the Vice President or the President pro tempore to sign the enrolled joint resolution during adjournment of the Senate (p. 3265).

2. RESEARCH. The Government Operations Committee reported without amendment S. 816, to provide for the establishment of a Commission on Science and Technology (S. Rept. 16). p. 3253
3. POTATOES. Received a Me. Legislature resolution urging enactment of legislation to abolish futures trading in Irish potatoes. pp. 3251-2
4. FOREIGN TRADE. Sen. Javits inserted a speech by Jean Monnet favoring British membership in the European Common Market and closer economic ties between Western nations. pp. 3286-7
Sen. Magnuson expressed concern over friendly nations permitting ships to continue trade with Cuba and inserted a listing of ships engaged in this trade. pp. 3293-4
5. DAIRY. Sen. Ellender announced that the Agriculture and Forestry Committee will begin hearings Mar. 18 on proposed dairy legislation. p. 3266
6. FORESTRY. Sen. Aiken was appointed to fill the Republican vacancy on the National Forest Reservation Commission. p. 3334
Sen. Jordan (Ida.) submitted an amendment to H. R. 2513, relating to identification of imported articles, to require that imported lumber and wood products be marked to indicate country of origin. p. 3265
7. PUBLIC LAW 480. Both Houses received from the President the semiannual report on activities carried on under Public Law 480 for the period July 1 through December 31, 1962 (H. Doc. 79). pp. 3192, 3250
8. CIVIL DEFENSE. Received a report of the Office of Civil Defense on property acquisitions of emergency supplies and equipment for the quarter ended Dec. 31 1962. p. 3251
9. ELECTRIFICATION. Both Houses received from Interior a supplemental report and certification of economic justification on the Crystal Dam, Reservoir, and powerplant, which comprise a segment of the Curecenti unit, Colorado River storage project, Colo. pp. 3246, 3251
10. WATER POLLUTION. Received a Wash. Legislature resolution urging additional funds for the Pacific Northwest regional water pollution laboratory at Corvallis, Oreg. p. 3251
11. PERSONNEL. Sen. Byrd (Va.) submitted the report of the Joint Committee on Reduction of Nonessential Federal Expenditures on Federal employment and pay for Jan. 1963. pp. 3253-7
12. IRRIGATION. Received an Idaho Legislature resolution favoring authorization for construction of the Challis project, Idaho, for the irrigation of additional lands. p. 3252
13. BUDGET. Sen. McClellan announced that hearings will be held Mar. 19 and 20 on S. 537, proposing the creation of a Joint Committee on the Budget. pp. 3265-6
14. LEGISLATIVE PROGRAM. Sen. Mansfield announced that S. 20, the outdoor recreation development bill, will be taken up on Thurs., Mar. 7 (p. 3251). Also, he stated that it is not the anticipation of the leadership to have the Senate take an Easter vacation this year and that adjournment this year may not come until Oct. or Nov. (p. 3325).
15. ADJOURNED until Thurs., Mar. 7. p. 3335

Kingdom and would be outside of the Soviet Union. No Soviet national would judge whether the Soviets are cheating. Automatic recording seismic stations inside the Soviet Union would play a supplementary role only; furthermore, the sealed recording devices which these would contain would be serviced and the records would be picked up by non-Soviet personnel.

6. It is said that we now propose to give the Communist bloc a veto power on the control body of the test-ban organization. No veto on inspection has ever been proposed by the United States, and there is no consideration of proposing such a veto in the future.

7. It is stated that William Foster, Director of the Arms Control and Disarmament Agency, testified in September that there had been no improvement in our verification capability. On the contrary, Mr. Foster testified in September concerning two significant developments which increased our verification capability. The first was a "better capability for long-distance detection of earth tremors caused by nuclear explosions or earthquakes." The second was that "an earlier estimate of the number of tremors from earthquakes in the Soviet Union which might be confused with tremors from nuclear explosions has been shown by actual observations and research to be several times too large. Since there are fewer actual earthquakes which produce tremors similar to those of an explosion, the number of on-site inspections needed to identify the cause of any observed tremors is less." (Hearings before the Senate Preparedness Subcommittee, Sept. 17, 1962, p. 6.)

8. The Senator believes that continued testing is essential to the perfection of the antimissile missile and to the development of the neutron bomb, and that the nation which first perfects either of these weapons will decisively overturn the balance of power. These contentions were refuted generally in points 1-3 above. Additionally, the perfection of the antimissile missile does not rest primarily on nuclear weapons testing. It rests on other kinds of activities. Even then, our military experts are of the view that the nation sending a missile to its target will always have the advantage over any foreseeable antimissile missile defense system. With respect to the neutron bomb, a weapon whose successful development is by no means assured no matter how many tests are made, the chief interest of the United States is to prevent the Soviet Union and other states from acquiring this kind of a weapon. These states are much more likely to be inhibited from developing and producing the neutron bomb under a test-ban agreement than under a situation of unlimited testing.

The United States will continue to persist in its negotiations with the Soviets to achieve an effective treaty. We do this because we firmly believe such an agreement is in the national interest of the United States.

Every person weighing the value and the risks of a test-ban agreement must face squarely the situation in which we reach no agreements and allow testing to go on, unlimited, and see the arms race continue to spiral upward. Those within both the Eisenhower and Kennedy administrations who have studied these questions and these alternatives thoroughly have concluded that every effort to bring the arms race under control, of which nuclear testing is a part, must be pursued diligently.

I would hope that this letter demonstrates that the kind of test-ban agreement now

being negotiated by the United States is one that is in the national interest.

ADRIAN S. FISHER,
U.S. Arms Control and Disarmament
Agency.

A-TEST BAN BID OF UNITED STATES DEFENDED—FISHER LEADS OFF FOR KENNEDY PRIOR TO POLICY SESSION

(By Laurence Stern)

The Kennedy administration jumped to the offensive yesterday against congressional critics who have been clamoring for a harder U.S. line in nuclear test-ban negotiations with the Soviet Union.

In the administration's first exchange of fire with Capitol Hill, Adrian S. Fisher, Deputy Director of the Arms Control and Disarmament Agency, challenged as not correct recent criticisms of test-ban policy by Senator THOMAS J. DODD, Democrat, of Connecticut.

Dodd and other congressional critics in both parties have expressed alarm that reductions in American demands for onsite inspection will permit the Soviet Union to achieve nuclear superiority through secret bomb tests.

Such concessions, Dodd argued, "have already cost us our nuclear superiority over the Soviets."

ISSUES REBUTTAL

Fisher yesterday issued a point-by-point rebuttal to this line of attack and argued instead that U.S. security can best be preserved with a test-ban treaty rather than in a no-holds-barred nuclear arms race.

In his letter to the Washington Post, Fisher replied to a letter from Dodd published in this newspaper last Friday. Fisher's letter is printed in full in today's editions.

Yesterday's opening skirmish foreshadowed a showdown on test-ban policy between the administration and its critics on Capitol Hill later this week. The forum for the debate probably will be a Joint Atomic Energy Committee hearing on Project Vera, the program for refining our underground nuclear blast detection techniques.

DEFENDS REDUCTION

Fisher defended the administration's lowering of annual onsite inspection demands from a starting point of 20 to a current proposal of 7 on the grounds that our knowledge of Soviet earthquake activity levels is more precise than it was several years ago.

Original U.S. inspection demands, he pointed out, were based on a 250-percent overestimate of the number of earthquakes in the U.S.S.R.

"This, coupled with our increased knowledge of earthquake identification, means that the number of unidentified underground events for which we might consider inspection, will be very substantially smaller than was assumed a few years ago," Fisher wrote.

Yesterday's letter coincided with the return to Washington of Disarmament Agency Director William C. Foster from the deadlocked test-ban negotiations in Geneva. He is expected to brief the President today on the talks.

Mr. HUMPHREY. Mr. President, is there further morning business?

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

VISIT TO THE SENATE BY HON. SUDHIR GHOSH, MEMBER OF INDIAN PARLIAMENT

Mr. HUMPHREY. Mr. President, at this time I desire to call to the attention of the Senate the fact that we are privileged this afternoon to have as a distinguished visitor a fellow parliamentarian from the great nation of India. I call the attention of the Senate to the presence in this Chamber of Mr. Sudhir Ghosh, one of the most distinguished and able parliamentary leaders of the Parliament of India, a true friend of democracy and freedom, and a gentleman who enjoys the friendship of many Americans and many Members of this body. Mr. Ghosh is a recognized leader in his country; a disciple of the late Mahatma Gandhi; a friend and adviser to Prime Minister Nehru. I wish to welcome him to the Senate.

[Applause, Senators rising.]

Mr. SPARKMAN. Mr. President, I should like to say I have had the pleasure of knowing Mr. Ghosh ever since 1952, when I first met him on a trip to India. I have had occasion to be with him on many occasions since then. I have found him to be an active, alert, devoted, patriotic Indian, and a very fine and dear friend of the West. He possesses much native ability. He was closely associated with the late Mahatma Gandhi, and was a student, or at least a disciple, of his. I think he still exhibits a great deal of the qualities which characterized Mr. Gandhi.

Several of us have just had the privilege of lunching together in the Foreign Relations Committee room, and we went over a good many of the questions which are of mutual concern and interest to both countries. I am delighted Mr. Ghosh is able to be here, and would welcome him every time he came.

Mr. COOPER. Mr. President, I am glad to join other Senators in welcoming a member of the House of the People, which is the elected house in India. I had the great honor and pleasure of knowing Mr. Ghosh in India. He is highly respected there. He is one of the strong leaders in the Congress Party and also in the House of the People. He has been here on several occasions. He has many friends among Members of this body and the other body of the Congress.

I concur in the statement that he is a great believer in and advocate of democratic institutions.

SUPPLEMENTAL APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE, 1963

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the con-

sideration of Calendar No. 10, House Joint Resolution 284.

The VICE PRESIDENT. The joint resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A joint resolution (H.J. Res. 284) making supplemental appropriations for the Department of Agriculture for the fiscal year ending June 30, 1963, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to; and the Senate proceeded to consider the joint resolution.

Mr. HUMPHREY. Mr. President, this measure will be handled on the floor by the distinguished Senator from Florida.

Mr. HOLLAND. Mr. President, I understand that the distinguished Senator from North Dakota [Mr. Young] who is now in the Chamber, will be present to make any replies that may be requested by other Senators who are also here, and to join in the handling of the joint resolution.

I have a brief statement to make in regard to the pending measure.

The Appropriations Committee has acted promptly in its consideration of the supplemental budget request of \$508,172,000 for the Department of Agriculture. This amount is needed to enable the Commodity Credit Corporation to carry out its authorized programs for the balance of fiscal year 1963. In submitting the supplemental budget request—House Document No. 64—the President submitted an amendment to the 1964 budget request decreasing it by the same amount. In other words, the pending resolution, House Joint Resolution 284, deals solely with a shift in funding from the 1964 budget to providing these funds for fiscal 1963.

Over the years, Congress has enacted various laws under which the authorized borrowing authority of the Commodity Credit Corporation is to be used to finance costs incurred thereunder, subject to reimbursement appropriations. There is considerable misunderstanding with regard to the expenditures of the Commodity Credit Corporation versus the annual appropriations required to enable the Corporation to continue to carry out such authorized programs.

Today, we are dealing with just one aspect of the programs financed through the \$14.5 billion borrowing authorization available to the Commodity Credit Corporation. This resolution (H.J. Res. 284) deals only with title I of Public Law 480, under which sales of agricultural commodities are made for foreign currencies pursuant to the Agricultural Trade Development and Assistance Act, as amended. That, of course, is Public Law 480. The current legislative authorization for title I of Public Law 480 authorizes the Secretary of Agriculture to enter into agreements during the period beginning January 1, 1962, and end-

ing December 31, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount not in excess of \$4,500 million. This legislative authorization provides that sales agreements shall not be entered into during any calendar year of the authorization period which will call for appropriations to reimburse the Commodity Credit Corporation in amounts in excess of \$2,500 million.

The various titles of Public Law 480 set the size of the programs for calendar year periods and the authorized reimbursement appropriations to reimburse the Commodity Credit Corporation for costs incurred are usually made on a fiscal year basis.

The pending joint resolution is a supplemental item on this fiscal year.

The Committee and the Congress have been dealing with these reimbursement appropriations for a number of years. I offer for the record a compilation of these legislative authorizations, and appropriation authority under which the Commodity Credit Corporation carries out these programs and is authorized to be reimbursed for the costs or the losses thereunder, and ask that it appear in the RECORD at this point.

The PRESIDING OFFICER (Mr. EDMONDSON in the chair). Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

REIMBURSEMENT FOR NET REALIZED LOSSES, OR COSTS, TO THE COMMODITY CREDIT CORPORATION

PUBLIC LAW 480 PROGRAMS

Title I.—Sales of surplus agricultural commodities for foreign currencies: Under title I of the Agricultural Trade Development and Assistance Act, as amended (7 U.S.C. 1701-1709), surplus agricultural commodities are sold for foreign currencies. Within certain limitations, these currencies may then be used by the U.S. Government for agricultural market development, purchase of strategic materials, military equipment facilities and services for the common defense, payment of U.S. obligations, military housing, and other specified purposes.

Appropriation authority: Agricultural Trade Development and Assistance Act—Public Law 480, title I "(7 U.S.C. 1703) (a) For the purpose of making payment to the Commodity Credit Corporation * * * for commodities disposed of and cost incurred under titles I and II of this act, there are hereby authorized to be appropriated such sums, etc. (b) Agreements shall not be entered into under this title during the period beginning January 1, 1962, and ending December 31, 1964, which will call for appropriations to reimburse the Commodity Credit Corporation in a total amount in excess of \$4,500 million: *Provided*, That agreements shall not be entered into during any calendar year of such period which will call for appropriations to reimburse Commodity Credit Corporation in amounts in excess of \$2,500 million."

Title II.—Commodities disposed of for emergency famine relief to friendly peoples: Under title II of the Agricultural Trade Development and Assistance Act of 1954,

Public Law 480, as amended (7 U.S.C. 1703, 1721-1724), the Commodity Credit Corporation makes its surplus stocks of agricultural commodities available to the President for famine relief and other assistance to friendly nations and friendly people in meeting famine or other relief requirements and to pay ocean freight charges for the shipment of donated commodities.

Appropriation authority: Public Law 480 Title II (7 U.S.C. 1723), July 10, 1954 (Sec. 203): "Programs of assistance shall not be undertaken under this title during any calendar year beginning January 1, 1961, and ending December 31, 1964, which call for appropriation of more than \$300 million to reimburse the Commodity Credit Corporation for all costs incurred in connection with such programs." Public Law 480, Title I (7 U.S.C. 1703(a)) July 10, 1954, (Sec. 103a): "For the purpose of making payment to the Commodity Credit Corporation for commodities disposed of and costs incurred under Titles I and II of this Act, there are hereby authorized to be appropriated such sums."

Title IV—Long-term supply contracts: Under Title IV of the Agricultural Trade Development and Assistance Act (7 U.S.C. 1731-1736), the President is authorized to make agreements with friendly nations under which the United States would deliver surplus agricultural commodities over periods of up to 10 years and accept payment in dollars with interest over periods of up to 20 years.

Appropriation authority: Agricultural Trade Development and Assistance Act—Public Law 480, Title IV as amended by Public Law 86-341 (7 U.S.C. 1736), September 21, 1959: "In carrying out this title, the provisions of section 103(a) shall be applicable to the extent not inconsistent with this title."

BARTERED MATERIALS FOR SUPPLEMENTAL STOCKPILE

Under current policy, the Commodity Credit Corporation acquires strategic and other materials through barter of price-support commodities only for other Government agencies or for transfer to a supplemental United States stockpile established by section 104(b) of the Agricultural Trade Development and Assistance Act of 1954. Transfers are valued at the lower of the domestic market price of the Commodity Credit Corporation's investment therein as of the date of transfer. The General Services Administration maintains the supplemental stockpile and transfers are made pursuant to their procedures.

Appropriation authority: Agricultural Act of 1956—Public Law 540, Title II (70 Stat. 200) (7 U.S.C. 1856), May 28, 1956: "In order to reimburse the Commodity Credit Corporation for materials transferred to the supplemental stockpile there are hereby authorized to be appropriated amounts equal to the value of any such materials so transferred. The value of any such material for the purpose of this subsection, shall be the lower of the domestic market price or the Commodity Credit Corporation's investment therein as of the date of such transfer, as determined by the Secretary of Agriculture."

INTERNATIONAL WHEAT AGREEMENT

The International Wheat Agreement of 1962, originally signed by 25 importing and 10 exporting countries is to remain in force until July 1, 1965, encompasses all commercial trade in wheat and wheat flour between member countries. It established maximum and minimum prices at \$2.02½ and \$1.62½ a bushel, respectively, for the basic grade of wheat, Manitoba Northern at Fort William, Port Arthur, Canada, in terms of

Canadian currency at the parity for the Canadian dollar determined for the purposes of the International Monetary Fund as at March 1, 1949. Importing countries undertake to purchase from participating exporting countries at prices within the prescribed price range, not less than a specified percentage of their total commercial imports.

Exporting countries undertake to make available to participating importing countries at prices within the price range, quantities of wheat sufficient to satisfy the commercial requirements of these countries.

Appropriation authority: Public Law 421 (7 U.S.C. 1641) October 27, 1949, as amended: "There are hereby authorized to be appropriated such sums as may be necessary to make payments to the Commodity Credit Corporation of its estimated or actual net costs."

NATIONAL WOOL ACT

Under the National Wool Act, Commodity Credit Corporation is required to make incentive payments to eligible producers of wool and mohair on a percentage basis reflecting the amount required to bring the national average received by all producers up to the announced incentive level. The objective of this program is to encourage an annual domestic production of approximately 300 million pounds of shorn wool. The incentive level shall not exceed 110 percent of parity.

Appropriation authority: Public Law 690, title VII, National Wool Act (7 U.S.C. 1784) August 28, 1954:

"For the purpose of reimbursing the Commodity Credit Corporation for any expenditures made by it in connection with payments to producers under this title, there is hereby appropriated for each fiscal year beginning with the fiscal year ending June 30, 1956, an amount equal to the total of expenditures made by the Corporation during the preceding fiscal year and to any amounts expended in prior fiscal years not previously reimbursed: *Provided, however,* That such amounts appropriated for any fiscal year shall not exceed 70 per centum of the gross receipts from duties collected during the period January 1 to December 31, both inclusive, preceding the beginning of each such fiscal year on all articles subject to duty under schedule 11 of the Tariff Act of 1930, as amended."

Public Law 87-155, approved August 17, 1961, authorizes reimbursement to Commodity Credit Corporation for realized losses on price support and related programs. The new authority repealed sections 1 and 2 of the act of March 8, 1938, which provided for an appraisal by the Secretary of the Treasury of the assets and liabilities of the Corporation and authorized restoration of capital impairment or surplus payments to the Treasury based on such appraisal.

Appropriation authority: Public Law 87-155 (75 Stat. 391), August 17, 1961: "There is hereby authorized to be appropriated annually for each fiscal year, commencing with the fiscal year ending June 30, 1961 * * * an amount sufficient to reimburse Commodity Credit Corporation for its net realized loss incurred during such fiscal year, as reflected in the accounts and shown in its report of its financial condition as of the close of such fiscal year. Reimbursement of net realized loss shall be with appropriated funds * * * rather than through the cancellation of notes."

Mr. HOLLAND. Mr. President, so, today, we are simply dealing with a supplemental amount needed for the balance of this fiscal year to restore the capital

structure and to enable the Commodity Credit Corporation to carry out all of its authorized program activities until June 30, 1963. Last year, the regular Agricultural Appropriation Act carried \$832 million less for reimbursement appropriations than was requested in the President's budget. The pending resolution restores \$508,172,000 of those reductions made for this year. All of these reimbursement appropriations will be dealt with again later in the session when the annual agricultural appropriation supply bill is under consideration in this body.

The Secretary of Agriculture testified before the committee that the borrowing authority of the Corporation was down to the perilously low level of \$127 million. As recently as early January, when the President's budget message was submitted to the Congress, it was the belief of the Secretary of Agriculture and of officials of the Commodity Credit Corporation that sufficient funds would be available to enable the Corporation to carry out its programs for the balance of fiscal 1963. As indicated in the committee report, unanticipated changes have recently occurred in use of the borrowing authority. There has been an unusually heavy demand for loans on 1962 crop corn, a decrease in the receipts from feed grain sales, a larger volume of cotton loans, continuing demands for dairy product purchases and export payments, together with the continuing expenses and costs of Public Law 480, as well as payments to producers for acreage diversion agreements pursuant to the Food and Agricultural Act of 1962.

In conclusion, Mr. President, the reimbursement appropriation for \$508,172,000 is entirely for expenses resulting from title I of Public Law 480 for sales of surplus agricultural commodities for foreign currencies.

By advancing this amount from the 1964 budget request to the current fiscal year, the funds provided will enable the Commodity Credit Corporation to carry out all of its authorized programs for the balance of fiscal year 1963; that is, through June 30 of this year.

In fact, the need for this particular supplemental amount did not arise because of price support and related programs carried on by the Commodity Credit Corporation under price support and related programs, but is due to the costs under Public Law 480. I want to make it amply clear that the deficiency in borrowing authority available to the Commodity Credit Corporation at this time does not arise from the feed grain program, the wheat program, or any other of its regular authorized program activities, but is occasioned by the expenses incident to carrying out Public Law 480.

That, Mr. President, is, of course, a foreign aid activity, rather than a strictly domestic agricultural activity.

Mr. President, I move that the Senate approve the pending resolution (H.J.

Res. 284) as reported from the committee, without amendment.

I wish to call attention just briefly to the fact that the pending joint resolution, of course, has already been passed by the other body, and is here now for final consideration. If approved without amendment it would, as the Secretary believes and states, allow the Department of Agriculture to operate without further requests for supplemental funds to the conclusion of the present fiscal year, or until June 30, 1963.

I now yield to the distinguished Senator from North Dakota, the ranking minority member of the subcommittee.

Mr. YOUNG of North Dakota. Mr. President, I support the joint resolution which is now before the Senate. This is a policy which we have followed for years, right, or wrong, that of obligating the Federal Government under certain contracts, and to reimburse it afterward. This bill happens to provide for the reimbursement of expenditures under Public Law 480. It concerns the selling of our surplus food to hungry people throughout the world for their currencies. Much of these currencies are then used locally to help those people. In fact, it is really a foreign aid program that we have here. The State Department has testified year after year that if it were not for this program they would have to ask for additional funds under their foreign aid program for exactly their kind of assistance.

I know of no program that has gained more friends for the United States than giving them our surplus food or selling it to them for their currency. On page 24 of the hearings is a table showing the amount of those funds from July 1, 1954, through December 31, 1962, and their use. The total of these funds amounted to \$9,068,660,000, 7.1 percent was used for the common defense of the two countries, 18.3 percent was used for grants for economic development, 5.9 percent was used for loans to private enterprise, 45.7 percent was used for loans to these foreign governments, 23 percent was used for U.S. uses, such as the expenses of embassies and other uses we might have for these currencies.

If this money were not repaid to the Commodity Credit Corporation, the Department of Agriculture would be in the position of having to foot the whole bill for one of our best foreign aid programs. I do not think we want to have those expenditures permanently charged to the farm program.

Mr. HOLLAND. Mr. President, I appreciate the very clear statement made by the distinguished Senator from North Dakota.

Mr. YOUNG of North Dakota. Mr. President, I ask unanimous consent that the entire table be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Uses of foreign currency as provided in title I, Public Law 480 agreements signed July 1, 1954, to Dec. 31, 1962¹

[Amounts are in thousand dollar equivalents at the deposit rate of exchange]

Country	Total amount in agreements (market value including oversea transportation)	104(c) Common defense	104(e) Grants for economic development	104(e) Loans to private enterprise	104(g) Loans to foreign governments	For U.S. uses ²
Argentina.....	64,100			8,250	36,500	19,350
Austria.....	42,940				26,328	16,612
Bolivia.....	24,559			3,132	17,375	4,052
Brazil.....	386,420	2,000	34,400		285,247	64,773
Burma.....	51,370		8,134		32,525	10,711
Ceylon.....	30,800		5,280	5,465	12,720	7,335
Chile.....	71,900	100		850	50,330	14,620
China (Taiwan).....	163,110	85,981		15,800	26,840	34,489
Colombia.....	70,890	80		11,270	41,180	18,360
Congo.....	18,750		16,575			1,875
Ecuador.....	13,190			1,273	8,785	3,132
Finland.....	46,635			3,615	25,634	17,286
France.....	35,775			7,824		27,951
Germany.....	1,200					1,200
Greece.....	109,300	5,040	7,470	9,171	53,450	34,169
Guinea.....	10,670			298	7,811	2,561
Iceland.....	13,930		198	567	10,119	3,046
India.....	2,428,306		788,175	165,262	1,164,933	309,936
Indonesia.....	314,025		25,312	21,086	213,497	54,130
Iran.....	50,971	5,763		3,253	27,803	14,152
Israel.....	201,069		32,589	46,891	172,899	38,690
Italy.....	152,900			6,250	100,500	46,150
Japan.....	150,800	700	600		108,550	40,650
Korea.....	342,860	290,583		5,891		46,386
Mexico.....	28,200			7,100	13,600	7,500
Morocco.....	21,870			2,130	14,273	5,467
Netherlands.....	275					275
Pakistan.....	1,065,920	79,366	556,841	61,740	276,432	101,541
Paraguay.....	13,200		3,420	1,170	6,000	2,610
Peru.....	37,280	100		3,762	22,723	10,695
Philippines.....	36,150	8,102	3,045	6,438	8,027	10,533
Poland.....	425,700					425,700
Portugal.....	7,100				3,400	3,700
Spain.....	505,630	9,910			253,480	242,240
Sudan.....	4,600		1,150	690	1,610	1,150
Syrian Arab Republic.....	37,200			6,550	22,750	7,900
Thailand.....	4,600				2,050	2,550
Tunisia.....	33,600		7,700	4,020	16,665	5,215
Turkey.....	386,065	97,750	2,340	42,011	115,000	128,964
United Arab Republic.....	782,940		25,731	77,504	554,047	125,658
United Kingdom.....	48,150					48,150
Uruguay.....	48,400			12,050	24,300	12,050
Vietnam.....	71,280	54,930		5,725		10,625
Yugoslavia.....	624,130		143,092		378,333	102,705
Total.....	9,068,660	640,405	1,662,352	537,038	4,142,016	2,086,849
Uses as percent of total.....	100.0	7.1	18.3	5.9	45.7	23.0

¹ Many agreements provide for the various currency uses in terms of percentages of the amounts of local currency accruing pursuant to sales made under each agreement. In such cases, amounts included in this table for each use are determined by applying the specified percentages to the total dollar amount provided in each agreement. Amounts shown are subject to adjustment when actual commodity purchases and currency allocations have been made.

² Fiscal year 1962 agreements provide that a specific amount of foreign currency proceeds may be used under various U.S. use categories, including currency uses which are limited to amounts as may be specified in appropriation acts. Included are uses specified under subsections 104(a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), (r), (s) and sometimes (c) and (d), insofar as specified in agreements.

³ Amounts shown in this column may differ from amounts on table 3, which reflect purchase authorization transactions.

Mr. HOLLAND. Mr. President, the 23 percent which is applied for U.S. uses is for such items as the building of embassies and legations, the buying of food for our personnel, military or otherwise, in the areas where the local currencies are available, and other similar purposes which are strictly U.S. expenditures for our own benefit.

The fact is that none of these currencies for use in these countries can be used to support or carry on the normal, ordinary functions of the Commodity Credit Corporation, for its domestic operations intended to help agriculture in this Nation.

I think the case is clearly made by the committee report and also by the hearing record. But rather than to delve at this time into the numerous phases on which hearings will be held later on various items on which there have been losses, or where there will be need for repairment of capital, the Department of Agriculture has, instead, preferred—and

for myself, I completely agree with that policy—for them to come to us on a single reimbursement item, a matter as to which there cannot be any doubt about our duty to the Commodity Credit Corporation. The Corporation has simply carried out the foreign policy assistance program created by Congress and approved by the President, and has asked for this restoration of funds. When restored, this amount will enable the Commodity Credit Corporation, in its present judgment, to complete its full operations for the current fiscal year.

The other reimbursement appropriation items, which are of a similar nature, have to do with domestic operations, and will come before the committee for hearing in connection with the regular supply bill for the Department of Agriculture. At that time the wisdom or unwisdom of all of them may be gone into before the Committees on Appropriations of both Houses, and, of course, the wisdom or unwisdom of these programs

may be gone into before the legislative committees which handle agricultural matters in the Senate and in the other body. But this joint resolution does not relate to such items.

Mr. DIRKSEN. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield to the distinguished minority leader.

Mr. DIRKSEN. Mr. President, this is an obligation which must obviously be discharged. It relates to operations of the Commodity Credit Corporation which are authorized by law. It is intended to replace money which was expended in earlier days and will repair the capital stock of the Corporation which has been impaired.

But this matter goes infinitely further, notwithstanding the fact that this item is an obligation and, as such, there is nothing offensive about it. I take this opportunity to say that as other appropriation bills, notably the regular supply bills, come before the Senate, there will be amendments and suggestions for reductions and adjustments. I think I ought to say that a request will be made for yeas-and-nays votes on those proposals and upon the passage of those bills.

In the last few years we have done very little about having yeas-and-nays votes on appropriation bills; but in view of the approaching tax bill and the importance of the reduction of expenditures as a hedge and an offset, I believe that a record must be made, and it should be so written and so made that all the world can see.

I thought I ought to interpose that thought at this particular time, because this is the first deficiency or supplemental supply measure to be considered at this session. In due course, the whole entourage of appropriation bills will come before the Senate, and we shall have some very specific recommendations to make at that time.

Mr. HOLLAND. Mr. President, I appreciate the statement made by the distinguished minority leader, and it is a constructive statement. He has correctly stated the exact meaning and substance of this particular measure.

I shall welcome his approach to the later items which he mentions, because the Congress should be very careful in passing upon all of the items of expenditures of public funds, including those which are involved in the important activities of the Department of Agriculture.

However, I call the Senator's attention to the fact that we may be faced with situations in which the Department will simply be carrying out the purposes of the legislation which Congress has passed. In that case, although I have frequently been against such legislation, I would have to vote for the approval of items properly created under legislation which Congress has passed. In other words, when we are passing upon legislation, we are in one position; but after the legislation has been enacted and the money spent under it, we may be in an entirely different situation, as the Senator from Illinois well knows.

Mr. DIRKSEN. I recognize that whenever there is an obligation—and

sometimes a moral obligation is involved—there is a duty to discharge it. But this situation affords an opportunity, also, to call attention to the fact that the new budget contains many items which call for completely new obligational authority, new functions, and new projects of one kind or another. I think we shall have one of them later in the week in connection with a recreation project. As I see it, these proposals envision the creation of bureaus for numerous purposes; and everyone knows how bureaus proliferate.

I remember when we first took \$5 million out of the contingent fund to establish the Peace Corps. Now the Peace Corps, in the 1964 budget, calls for \$108 million. It will be rather interesting to see what amount will be sought for the Peace Corps for fiscal 1965.

Also, I have read that there is an office downtown which is taking applications for the domestic Peace Corps. It has started probably with minor borrowing from the contingent fund; but in due course it will be before Congress; and then, like Topsy, it will grow, and who shall say the dimensions it will take before we get through?

There are quite a number of such proposals, which, of course, we shall have to examine with a rather hard, perspective eye.

Mr. AIKEN and Mr. LAUSCHE addressed the Chair.

The PRESIDING OFFICER (Mr. EDMONDSON in the chair). Does the Senator from Florida yield; and if so, to whom?

Mr. HOLLAND. Mr. President, I had agreed to yield next to the distinguished Senator from Vermont, who is the ranking minority member of the Committee on Agriculture and Forestry; following which I shall gladly yield to the Senator from Ohio.

Mr. AIKEN. Mr. President, I believe Public Law 480 has been one of the most potent weapons that the United States has used in the cold war, which has been taking place during recent years. I, too, think the amount requested to supplement the amount available to the Commodity Credit Corporation is necessary. It is an obligation of Congress to provide that amount. However, I think we ought to make the record as clear as possible. I notice that the Secretary of Agriculture, in his communication to Members of Congress under date of February 28, states:

CCC holdings of wheat and feed grains were 1,077,000 bushels less on February 15, 1963, than the peak quantities held in 1961, before the new program was effective.

That statement appears on the second page of the Secretary's communication.

The question I ask is, at what period of the year are peak quantities of feed grains held by the Commodity Credit Corporation?

Mr. HOLLAND. I would have to say to the distinguished Senator from Vermont that I would have to get the information elsewhere before I could answer his question fully. I am prepared to deal with any of the items which have to do with the operation of Public Law 480 in connection with this matter, but not in

connection with matters which will come up in the general hearing on the agricultural supply bill. I understand that the date on which the Secretary based his statement was February 15, 1963.

Mr. AIKEN. That is correct.

Mr. HOLLAND. I do not have before me the date of the beginning of the period to which his statement related—if that is what is sought by the Senator from Vermont.

Mr. AIKEN. I think that is what we should look into, because it is my impression that feed grains are taken over beginning in August and wheat a little earlier; and, naturally, if those holdings were obtained at about that time in 1961, it seems to me it would be more appropriate for the Secretary of Agriculture to compare the holdings of February 15, 1963, with those of February 15, 1962. Perhaps he did. I wish to make clear that he did not compare one period of 1963, reflecting the takeover from the 1961 crop, with the corresponding period of 1962 which would reflect the takeover from the 1960 crop. His failure to do so could make a difference of several hundred million bushels.

Mr. HOLLAND. I think the point is a fair one. I call the attention of the distinguished Senator to the fact that, as an ex-officio member of the Appropriations Committee, he will of course be present at the hearings on the Department of Agriculture supply bill.

Mr. AIKEN. Yes.

Mr. HOLLAND. I suggest that at that time he clarify this question—not that I am unwilling to do so, but merely because I do not have the information as to the date of the beginning of the period to which the statement by the Secretary of Agriculture relates.

I fully agree with the Senator from Vermont that the same date and inventory facts for the various years should be used, in order to make a real comparison.

Mr. AIKEN. That is correct.

In addition, I notice that apparently the Secretary takes credit for a reduction of a billion bushels in the supply of feed grains and wheat for the programs which have been in effect during the last 2 years. Does not the Senator from Florida understand that there has been a very large increase in the utilization of feed and in the exports of wheat during the last 2 years?

Mr. HOLLAND. Of course that is correct. The authorized operations under Public Law 480, for example, have been increased very greatly; and it was the duty of the Secretary to increase them, because the law we passed directed him to do so.

Mr. AIKEN. Yes.

Mr. HOLLAND. So in arriving at the exact meaning of his statement, much more than is available as of now is involved.

Mr. AIKEN. I do have the information that during the last 2 years the exports of feed grains increased 268 million bushels over the level of the previous year—the figures for which the Secretary uses for comparison; and the utilization

of feed grains for livestock feeding increased 300 million bushels—making a total of 568 million bushels of this reduction which was due entirely to increased exports and increased feeding in this country. Those figures do not take wheat into consideration. I note that the Secretary compares the amount of wheat on hand now with the amount on hand at the peak period in 1961. It is my recollection that the wheat program has been in effect only 1 year. Therefore, any reduction which took place between 1961 and 1962 should not be credited to a program which was not in existence at that time.

I raise these points merely because I cannot avoid feeling that the Department of Agriculture has grossly exaggerated the benefits of these two programs; and I feel that this point should be made clear for the record.

Mr. HOLLAND. I agree with the distinguished Senator to this extent: I feel that the record should be made completely clear before we get through with this year's activities. I do not think it has much relationship to the presently pending bill; and I recall to the mind of the distinguished Senator that the two programs he has mentioned are not programs which I supported, and differences of opinion as to the wisdom of those programs are to be found on each side of the aisle.

What the Senator says—and I think he is entitled to the information, and I shall help in every way I can to obtain it—is a complete explanation of our present situation and a completely factual comparison or contrast, as the case may be, between the present situation and the situation at the appropriate times in the past which the Senator from Vermont has in mind.

Mr. AIKEN. I am sure that when the main legislation comes up for renewal, the Senator from Florida and I will be found to be not very far apart. Perhaps I am a little unduly critical of some of these communications from the Department of Agriculture; but this cynicism, or whatever one may wish to call it, was prompted by recent releases relative to the dairy program—releases in which, in an apparent attempt to make it appear that conditions got worse after Congress rejected the administration's request for compulsory dairy controls, they showed that purchases of dairy products in 1962 were greater than those in 1961. However, they were completely oblivious, or apparently they were oblivious, to the fact that in 1961 there were 3 months—January, February, and March—in which there were no accumulations whatever of butter and cheese in this country. Therefore, in that case they compared the purchases of butter and cheese for 12 months in 1 year with the purchases of those commodities during 9 months in the previous year.

I refer to these several instances and I make these statements in the hope that there may be some reformation by the Department of Agriculture, with the result that the reports and the releases will be issued in such a way that the average reader can obtain the correct picture by

referring to page 1, rather than have to be expert enough to refer also to pages 16, 33, and other pages and study complicated tables, and thus figure out the truth, if he can. The truth is usually there, but it is not always readily discernible.

Mr. HOLLAND. Mr. President, if I have noted anything in the course of watching the operations of both the present Secretary of Agriculture and his predecessor and earlier predecessors, I have never found any of them unwilling to provide the facts. I have never found a time when Senators and Members of the House of Representatives were not able to digest those facts and arrive at the correct conclusions, and I have never found a time when the Secretary of Agriculture was not able to defend himself when asked questions—sometimes questions by the distinguished Senator from Vermont, sometimes questions by other Senators on his side of the aisle, and sometimes questions by Senators on this side of the aisle.

We are dealing with an immense program which cannot be reviewed today here with any real justice to any part of the program.

So I think this matter should properly be reserved for later discussion, because it seems to me that the fact is—as has been well stated by the Senator from Vermont and the Senator from Illinois [Mr. DIRKSEN]—that this particular item is unquestionably a just one on which we must proceed to repair the capital structure; and I hope we proceed speedily to do so.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Florida yield to me?

Mr. HOLLAND. Mr. President, I agreed to yield first to the Senator from Ohio [Mr. LAUSCHE]. After yielding to him, I shall be glad to yield to the Senator from Delaware.

I yield now to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, following the statement of the Senator from Vermont, I should like to add that when I served on the bench, my mental process was as follows: The witness would appear before the court. As the judge of the court, I swore in the witness. I did not relegate that duty to my clerk. The oath was as follows:

You do solemnly swear that you will tell the truth, the whole truth, and nothing but the truth.

I felt that for the purpose of streamlining it would be enough to say, "You do solemnly swear to tell the truth," and leave out the words, "the whole truth and nothing but the truth." Upon analysis it became clear to me that the words "the whole truth" had significance. What one tells may be true, but because of what is omitted, what is told may become untrue.

I frequently find omissions which clearly indicate that what has been told is true, but the failure to tell the whole truth labeled as untrue that which was told.

I should like to obtain some information for purposes of clarification. Perhaps the Senator from Florida is not able

to give me the information I desire. What I am saying also has a relationship to the thoughts raised by the Senator from Vermont [Mr. AIKEN]. With regard to the expenditures of the Commodity Credit Corporation, I have figures showing that in 1962 reimbursement for net realized losses was \$1,017,610,000, with reimbursement for a special milk program of \$90 million, making a total of \$1,107,610,000.

The amazing point is that the program will jump in 1963 to \$2,373 million. The losses are \$1,200 million more in 1963 than they were in 1962. Can the Senator from Florida explain why the losses have increased by that amount? Is it because more of the Commodity Credit Corporation's products have been sold at a loss?

Mr. HOLLAND. The Senator from Ohio, in complete good faith, is bringing into his question the item of reimbursement for net realized losses in various years of the Commodity Credit Corporation, growing out of all its regular operations. I invite his attention to the fact that the losses have varied. They have risen and fallen in various years.

I have before me a tabulation beginning in 1955 and coming through 1963, which means that the price support programs and other programs of the CCC, like everything else in agriculture, have fluctuated with weather conditions, crop conditions, and crop volume, with all the various things that happen to make agriculture always a speculative and not a certain operation.

The Senator will note that the appropriations to meet these losses have gone all the way from only \$1,634,659 in 1956 to a total of \$2,110,424,413 for 1960 and other varying amounts. So there is no real basis for expecting uniformity year after year in an agriculture program because it does not operate in that way.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. LAUSCHE. Am I correct in my understanding that with the present activities, programs relating to surplus foods are resulting in a greater cost to the taxpayer than has been the case for several years past?

Mr. HOLLAND. The Senator is correct. That results primarily from the fact that the scope of the Public Law 480 program was very largely stepped up through the farm legislation enacted 2 years ago. We passed such legislation because we had found that the operation under Public Law 480 was very helpful in the foreign policy of our Nation. It was the joint judgment of the two Houses of Congress, by great majorities, that the best way to serve ourselves in the field of mutual assistance or foreign aid was to step up this particular aspect of the program. The distinguished Senator from Vermont has already touched on that subject—and I fully agree with him—by stating that the food program to which we refer has been found to be the most helpful part of the whole mutual assistance program.

I well remember—and I am sure the Senator from Vermont [Mr. AIKEN] and

the Senator from North Dakota [Mr. YOUNG] will remember also, because, as I recall, they served on the same conference committee on which the Senator from Florida served when Public Law 480 was set up—that there was a bipartisan approach.

For example, I remember that one of the distinguished authors of that program was our friend the late distinguished Senator from Kansas, Mr. Schoeppel.

Others came from the Democratic side of the aisle. There has always been a bipartisan effort to do something which would get rid of our surpluses, but get rid of them to excellent advantage in the building of more results for our country out of foreign aid and mutual assistance programs. The results have been better than any other part of the foreign aid program.

In 1961 we greatly enlarged the program. For that reason we are now beginning to see a largely increased reimbursement appropriation made each year to the Commodity Credit Corporation as required under an amendment which enlarged the authorization 2 years ago.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. YOUNG of North Dakota. I think the major reason for the increase of the funds in the agriculture bill is that in years gone by sizable sums were appropriated in the foreign aid program for food to go to foreign countries. Now practically all of that program is carried in the agriculture bill. Not much of it is now included in the foreign aid appropriations bill.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. LAUSCHE. When did we insert the granting of food aid under Public Law 480 and take it out of the foreign aid bill? For my information, was that done recently?

Mr. HOLLAND. My recollection is that it was done in 1954.

My recollection is that the requirement that the sum be included in an appropriation bill rather than handled through the cancellation of notes was accomplished under a very worthwhile amendment offered, as I recall—and if I am in error the Senator can now correct me—by the distinguished Senator from Delaware [Mr. WILLIAMS]. Before the adoption of the amendment these operations were handled on a paper basis. The CCC made notes to the Treasury. Of course, they were audited. Then the notes were canceled.

As I recall, under the amendment, offered by the Senator from Delaware it was required that for the information of the Congress and the people an actual appropriation be made so that annually, at least, the size of our operations in terms of costs to the United States in cash might be understood. Personally, I believe it was an excellent thing to do. As I recall, that amendment was later than the 1954. Perhaps it was in 1957 of 1958 that that amendment was offered. Will the Senator from Delaware refresh my mind on that point?

Mr. WILLIAMS of Delaware. I do not recall the exact year, but the Senator is correct. I was the author of an amendment which would require annual appropriations to reimburse the Commodity Credit Corporation. As the Senator has stated, it was done for the purpose of enabling Congress and the taxpayers to know the cost of the program.

Mr. HOLLAND. I correct the RECORD to say that that amendment was adopted in the act of March 20, 1954; which means it has been in operation now for 9 years.

Mr. LAUSCHE. I recognize this is a fixed obligation we must honor. My query to the Senator from Florida relates to whether or not the discretionary action by the Secretary of Agriculture, Mr. Freeman, in March of 1961, in lifting the price support on cotton from \$3.24 to \$3.42, contributed to the deficit.

Mr. HOLLAND. I believe the Senator is referring to the dairy prices.

Mr. LAUSCHE. That is correct; to the dairy prices.

Mr. HOLLAND. I think that lift did play some part in the creation of a greater deficit for CCC in its regular price support operations. That had no relation to the presently pending measure or the fund which is to be covered thereby.

Mr. LAUSCHE. The raising of the support from \$3.24 to \$3.42 was made under the provision of law which gives the Secretary authority to raise the support "whenever the Secretary determines" that is necessary to insure an adequate supply of dairy products; is that correct?

Mr. HOLLAND. The Senator is correct. The law has always simply laid down guidelines, but left to the discretion of the Secretary of Agriculture the cash amount to be fixed as the basis of support year after year in the various commodities. That is the only practical way in which it can be done.

Mr. LAUSCHE. Our problem with respect to a dairy surplus has been aggravated; am I correct in that understanding?

Mr. HOLLAND. The Senator is probably correct in that understanding.

I say to the Senator that there is no action which the Secretary can take—in raising, or sustaining, or lowering price support levels—which is not reflected in the total operations of the Commodity Credit Corporation. That is a fact which I am sure the Congress recognized when it passed the original price support act and which it has recognized every time amendments or new acts have been passed. Certainly every decision based on the discretion of the Secretary in this very complex field does tend to affect in some way or other the operations of the CCC.

Mr. LAUSCHE. What is the present status of the cotton storage in the Commodity Credit Corporation? It has gone up rather extensively, has it not?

Mr. HOLLAND. It has gone up. The situation with reference to cotton is so disturbing that I understand the Secretary has made specific recommendations for legislation in that field. I also

understand that those specific recommendations have not been received with uniform acclaim either in this body or in the other body. It is a highly complex and highly controversial subject, which I hope we shall not have to go into now, because it does not have direct relation to the subject matter of the pending measure.

Mr. LAUSCHE. In 1961 the Secretary increased by 2 cents a pound the support on cotton, bringing it up to 32 cents. It is my understanding that that was done because it was thought there was not an adequate supply of cotton.

Did that discretionary judgment aggravate the problem we have with respect to surpluses of cotton?

Mr. HOLLAND. Mr. President, Senators are not agreed on an answer. Neither are Members of the other body. Some think it aggravated the problem. Some think it was a justified action.

I say again to my friend, I am not anxious to ignore the problem. I certainly expect it to be presented to us in a very detailed way when there are appropriate hearings. Probably we shall be confronted with it both in the legislative committee and in the Committee on Appropriations.

But again I say, with all kindness, I do not think this is the time or the place to deal with that.

Mr. LAUSCHE. I merely asked the questions because I cannot help but feel alarmed about the cost of this program and the recurrence of aggravated expense when assurances have been given that the costs would be lowered.

I will go along with the Senator from Florida on this measure, but I agree with what the Senator from Illinois said—that we had better take a good look at the program this year.

Mr. HOLLAND. Mr. President, I agree heartily with the distinguished Senator from Illinois. I expect to have to take

two good looks at it—one in the Appropriations Committee, in which the Senator from North Dakota [Mr. Young] and I, though we happen to be on the two different sides of the aisle, nearly always are together on the question of supplying the needs of agriculture; and the other in the legislative committee, since the Senator from North Dakota [Mr. Young] and I happen to be members of the Senate committee which deals with legislative problems affecting agriculture.

I surely expect that the cotton matter mentioned by the distinguished Senator, and many others, will be reviewed in both those committees before we conclude the present session of Congress.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. HOLLAND. I am glad to yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, earlier this afternoon the senior Senator from Vermont [Mr. Aiken] raised a question as to the dates used by the Secretary of Agriculture in comparing inventory holdings of wheat, corn, and certain other commodities.

I have figures which will show the inventories for January 1 for each of the past 3 years. In order that we may have a comparison of these inventories on comparable dates, I ask unanimous consent that the figures showing inventories of wheat, corn, and other feed grains, as well as dairy products, for January 1, 1961, 1962, and 1963 be printed in the RECORD at this point.

While these figures show inventories of both corn and wheat down in the past 2 years, they also show that the inventories of sorghum grains, butter, butter oil, cheese, and dried milk, to be substantially higher than they were when Secretary Freeman took office.

There being no objection, the information was ordered to be printed in the RECORD, as follows:

Commodity Credit Corporation inventories

Date	Corn (bushels)	Wheat (bushels)	Grain sorghum (bushels)	Butter (pounds)	Dried milk (pounds)	Cheese (pounds)	Butter oil (pounds)
Jan. 1, 1961-----	1, 471, 276, 965	1, 132, 960, 901	311, 965, 117	66, 295, 284	279, 836, 322	-----	-----
Jan. 1, 1962-----	1, 412, 192, 934	1, 130, 279, 687	341, 404, 047	205, 679, 438	354, 917, 176	59, 709, 137	-----
Jan. 1, 1963-----	1, 044, 325, 049	1, 044, 992, 557	579, 266, 082	350, 791, 487	662, 458, 995	111, 587, 560	48, 339, 956

Mr. HOLLAND. Mr. President, I may say that I am glad to have those figures printed in the RECORD, and I would be glad to have printed any other figures which bear upon any problem Senators wish to have reflected in the debate. I hope, however, we will all remember that we are now dealing simply with an obligation we ourselves set up by the legislation which we passed, and we should now recognize that by passing the pending measure.

Mr. WILLIAMS of Delaware. I appreciate that point. I think it would be well to have figures for these inventories on comparable dates, rather than to have the Department compare a low point with a high point.

Mr. HOLLAND. I think it will be helpful to have those figures in the RECORD.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Vermont.

Mr. AIKEN. Since I asked the question originally as to the peak holdings of feed grains by the Commodity Credit Corporation in 1961, I am advised that the date was October 1; which is the beginning of the feeding season and the beginning of the 1962 corn marketing year, also.

At that time—October 1, 1961—the Commodity Credit Corporation held 2,169,753,000 bushels of the four feed grains. On February 15, 1963, the Com-

modity Credit Corporation owned 1,374,517,000 bushels of feed grain, or 795,236,000 bushels less than held at the high point in 1961.

The Department records show that the increase in feeding and exports for the past 2 years amounted to 568 million bushels. If we deduct that from the 795,236,000 bushels, as a result of the program, it shows that the net reduction in holdings would be 227,236,000 bushels, which is quite a bit different from 1.1 billion bushels.

He undoubtedly had some answers for this, because they have some good pencils there. If they did not, they would not get everybody so confused as to what the actual figures are. But this is the pencil I used and I got this result. Really, for the \$1½ billion spent on the feed grain programs—and I do not know what it was on the wheat program—we reduced the supply by 796 million bushels, which means it cost about \$1.90 a bushel to reduce the supply to that extent.

Mr. HOLLAND. I am glad the Senator has mentioned these figures for the RECORD. It points out the fact that there is a complicated study in accounting and fixing of blame ahead of us, but it does not have to get into this consideration today.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HOLLAND. I am glad to yield.

Mr. COOPER. Like many others in this body, I had the opportunity to vote for Public Law 480 when it was originally passed in 1954. As the distinguished Senator from Florida has said, it has enjoyed bipartisan support throughout the years. I believe it is one of the best programs of foreign aid that the United States uses. It is the best program for many countries and their people because it supplies their needs of food and fiber. Also, as the Senator again said, it is a program which only the United States can follow. It is one that the Communist countries cannot use except perhaps in a very, very small way. Yet, as the Senator from Florida has suggested, there is a certain contradiction—I am not sure whether he suggested this—between the agricultural program and Public Law 480 program, which is actually basically a foreign-aid program. On the one hand, the Department of Agriculture attempts to reduce surpluses. On the other, it helps subsidies in carrying out Public Law 480.

I see in the chair a distinguished Senator [Mr. McGovern] who was director of the program until he resigned to become a candidate. I am sure that the additional volumes of surplus food which were disposed of in the last 2 years were the result, to a large extent, of his efforts.

I should like to ask the Senator from Florida about this problem: He mentioned in his statement a few moments ago the cost of this program, which is over \$1 billion a year. I believe many persons in this country, and certainly a great many of those who write on surplus problems, while they may know, do not at times make it clear that the \$1½ billion which in the last year has been obligated is a chief part of the foreign-aid program. Would the Senator from

Florida think it would be possible? As the Secretary of Agriculture each year presented his programs to the Congress, and, as the Senator so well knows he does, estimated the disappearance or use of feed grains, wheat, and other commodities—if we are going to have the Public Law 480 program, and I think we should—would it not be possible for him to place as one of the factors in his estimation of the disappearance of surpluses “x hundred million dollars, Public Law 480, which is an essential part of the foreign-aid program”? If that were done, I think there would be a clearer understanding in this country about the work of the Public Law 480 program and also about the cost of the agricultural program.

Mr. HOLLAND. I think the Senator has raised a good point. Two years ago our committee report stated it would be appropriate to show these food disappearances under foreign aid. The Secretary of Agriculture, while he showed all the facts from which one could figure it out for himself, is willing to show it in one figure and as foreign aid, but the President's budget advisers are not in agreement upon that. As I have been advised in the course of the hearings, there is disagreement between the two branches of the executive department as to the method of accounting for it as we wished and expressed the hope it would be, and which would have the furnishing of the information to the committee as the Senator from Kentucky pointed out.

I thoroughly agree with him. The public ought to know, year after year, just what our surpluses are and just what funds have been expended in foreign aid. I think we can make it clearer to the public and also relieve agriculture immediately from the burden of being charged with having that additional amount added to the total cost of the agricultural program.

I may say that no one, has been more insistent than the distinguished Senator from North Dakota, throughout the years, that this policy be followed. Frankly, I am at a loss to know why the Bureau of the Budget is not willing to follow his request.

Mr. COOPER. I believe we ought to insist on it, because this is the only way accurately to describe the cost of the farm program, and also the cost of the Public Law 480 program as a part of foreign aid.

Mr. YOUNG of North Dakota. I share the opinion of the Senator from Kentucky. For years I have been trying to get action like that now proposed, under the Eisenhower administration and since then, a member of the Committee on Appropriations. We have an agricultural budget of about \$7 billion, and all these items are listed as expenditures. Most people believe that the farmers get a subsidy check for it. There are involved nearly \$600 million in loans various agencies, which have a very good repayment record, and nearly \$300 million of loans to the FHA, which also has a very good repayment record.

The school lunch program and several other programs are charged as

expenditures of the Department of Agriculture. It is the feeling of many people that the farmers get a subsidy check for this. All this is a good example of parts of the foreign aid program which are charged to agriculture. Many people believe that it is charged as a subsidy to the farmers. I hope we can get this changed.

Mr. HOLLAND. I have strongly supported the insistent attitude of the Senator from North Dakota year after year, and that attitude is shared by the Senator from Kentucky. We should keep working for a change. I do not want it to appear that the essential facts are not supplied, because they are. I mean that in order to get at what is actually charged to agriculture and what is charged to foreign aid, one must take a pencil and figure here and there, not only in the Public Law 480 program, but in the international wheat program as well, and in various other places, in order to come up with the answer.

I have insisted year after year that we are entitled to have a plain, understandable answer on this matter so that we can reflect the actual size of the agricultural program, and what it is. It is big enough, but it is not as big as some people insist it is, particularly people who are critical because of misapprehension as to what the real size of it may be.

Mr. HUMPHREY rose.

Mr. HOLLAND. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I thank the Senator. I wish to join the Senator from Kentucky and the Senator from North Dakota for their insistence that the analysis of the Department of Agriculture's budget be not only factual in terms of statistics, but also in terms of objectives and purposes for which these funds are committed. During my service on the Committee on Agriculture and Forestry, I was as insistent about this matter as is the Senator from North Dakota. I consider the presentation of the Department of Agriculture's budget incomplete, inadequate, and, in a sense, inaccurate, when it comes to the proper interpretation of the use of the moneys which are provided to the Department of Agriculture.

Let us take, for example, the food stamp plan. While this is a program which was worked out within the Department of Agriculture and the Committees on Agriculture and Forestry of the two Houses of Congress, and falls within the jurisdiction of the Committees on Agriculture and Forestry, the food stamp plan is a relief program; it is an assistance program. It ought to be assigned by some notation within the Bureau of the Budget to a category called public assistance.

This undoubtedly would fall within the Department of Health, Education, and Welfare. If the Department of Health, Education, and Welfare does not wish to have this amount fixed in its budget, at least there ought to be a footnote or there ought to be a cross-reference in the budget as it comes from the President which notes that the food stamp program, the school milk pro-

gram, the school lunch program, the assistance program for the needy through the use of surplus foods, and so forth, are items which belong to public welfare and public assistance.

The meat inspection program, for example, relates to health. The poultry inspection program relates to health. The international wheat program relates to foreign policy. I believe it is fair to point out that the export subsidy program relates to trade and foreign policy. The amounts can be tabulated under the Department of Agriculture, but there ought to be a cross-reference in the budget, as I have indicated.

If the executive branch of the Government is unwilling to do it, I believe we ought to adopt a resolution in Congress demanding that it be done. If we cannot get some help voluntarily from the Bureau of the Budget on this matter, then I believe we ought to direct that there be a clarification. The Department of Agriculture's budget today is not a reflection of the Department of Agriculture's programs insofar as price-support programs or marketing programs are concerned, relating to the farmer and his production and distribution problems.

I wish to join most vociferously and vigorously with the efforts which have been made today to have the budget show the facts. The facts are clear. What the facts relate to is another thing. The fact of the matter is that Public Law 480 is probably the most effective foreign economic aid program that we have. That program ought to be noted as a part of foreign assistance. It ought to be shown as a valuable part of our foreign aid and as a part of our foreign policy.

I call attention to the fact that the present Presiding Officer—Mr. McGovern in the chair—was the Director of the food-for-peace program in the new administration which came into office in 1961, and I submit that it is to the credit of the farmers of America, the Department of Agriculture, and the food-for-peace office, and to the credit of the producers on the farm, that we have Public Law 480 on the statute books.

We ought to look at it not as something that aids the farmers, but as something that helps people. The fact of the matter is that the farmers are but the producers of the food. We do not call the defense program aid for American industry, even though the defense program procurement is produced by some of our great industries. We call it defense, and properly so. We ought to call Public Law 480 a part of our foreign economic assistance program and a part of our international good will program. It ought to be tabulated in the budget to show what it is.

When the people in the Bureau of the Budget read the RECORD they will note there are Senators who have served here for many years who believe that the time is long overdue for the kind of clarification of the budget procedures which we have talked about here this afternoon. If we do not get it I will submit a resolution, and call upon my col-

leagues to back that resolution, ordering the Bureau of the Budget to print its report accurately in terms of what these figures represent.

Mr. HOLLAND. Mr. President, I thank the Senator from Minnesota. I wish to call attention to the fact that the Senator from Minnesota has just pointed up a few of the complexities which exist in this whole bookkeeping process. We have been talking in this resolution simply about the operations under title I, under Public Law 480. We also have the famine relief operation under another title, and we also have the barter for strategic materials program under another act, which is completely apart from Public Law 480. There is institutional supply program, which does not come under public welfare.

This is a very complex bookkeeping operation. However, what is necessary can be done. I fully agree with the distinguished Senator that it should be done. I am glad to yield to the Senator from Georgia.

Mr. TALMADGE. Mr. President, I desire to commend the distinguished senior Senator from Minnesota and the senior Senator from North Dakota and the senior Senator from Florida for clarifying the budget situation with reference to the appropriations for the Department of Agriculture.

I remember when the Senator from Minnesota served on the Committee on Agriculture and Forestry. He, along with the senior Senator from North Dakota and other Senators, pointed out that the vast segment of the so-called appropriations for the Department of Agriculture related to agriculture only in a very minor way, if in any degree whatever.

A few days ago, I requested the Department of Agriculture to break down the budget in this regard, because I have been interested in trying to devise and promote a farm program which would subsidize only farmers, instead of subsidizing railroads, subsidizing warehouses, subsidizing foreigners, and subsidizing every aspect of the American economy, all in the name of aiding farmers to improve their income.

I was indeed surprised when the Department of Agriculture submitted to me a breakdown of its proposed budget for the fiscal year 1964. The Department will request approximately \$6,500 million. A study and analysis of that budget will show that only about \$2 billion relates to agriculture and support prices. Even including the Rural Electrification Administration, which is a rural program, but not exclusively a farm program, the appropriation for agriculture still amounts to only about \$3 billion, out of \$6,500 million which is requested under the guise of a farm program.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a breakdown and analysis of that budget.

There being no objection, the analysis was ordered to be printed in the RECORD, as follows:

U.S. Department of Agriculture, budget expenditures, fiscal year 1964, estimated

PROGRAMS WHICH CLEARLY PROVIDE BENEFITS TO CONSUMERS, BUSINESSMEN, AND THE GENERAL PUBLIC

	Millions
Programs having foreign relations and defense aspects:	
Sales of surplus agricultural commodities for foreign currencies...	\$1,282
Emergency famine relief to friendly peoples.....	246
International Wheat Agreement....	72
Transfer of bartered materials to supplemental stockpile.....	62
Payments to Veterans Administration and armed services under section 202 of the Agricultural Act of 1949, as amended, for milk and other dairy products used in excess of normal requirements...	40
Value of foreign currencies used by Defense Department for military housing, and long-term supply contracts.....	284
Defense food stockpiling.....	30
Total.....	2,016

Food distribution programs:	
Commodity purchases under the program for removal of surplus agricultural commodities.....	164
Pilot food stamp plan.....	51
School lunch program.....	182
Special milk program.....	102
Total.....	499

Investment in REA and FHA loans, which are subject to repayment:	
REA loans.....	259
FHA loans.....	189
Total.....	448

Long-range programs for the improvement of agricultural resources, including research, meat inspection, disease and pest control, education, market development and services, protection of soil and water resources, and forest and public land management:	
Forest Service.....	311
Agricultural Research Service.....	195
Soil Conservation Service.....	195
Extension Service.....	77
Cooperative State Experiment Station Service.....	40
Agricultural Marketing Service, Marketing Research & Service....	43
Farmers Home Administration, salaries and expenses.....	39
Other, including FCS, FAS, CEA, FCIC, REA expenses, and staff offices.....	94
Total.....	994
Total.....	3,957

OTHER PROGRAMS WHICH ARE PREDOMINANTLY FOR STABILIZATION OF FARM INCOME, BUT WHICH ALSO BENEFIT OTHERS

Agricultural conservation program...	124
Conservation reserve program.....	294
Land-use adjustment program.....	27
CCC price support, supply, and related programs:	
CCC price support, supply and related programs.....	327

U.S. Department of Agriculture, budget expenditures, fiscal year 1964, estimated—Continued

	Millions
CCC price support, supply, and related programs:	
Less: Payments to Veterans' Administration and armed services under section 202 of the Agricultural and other dairy products used in excess of normal requirements.....	-\$40
Acreage diversion payments:	
Feed grains.....	227
Wheat.....	173
Price support payments:	
Feed grains.....	490
Wheat.....	91
National Wool Act program.....	106
Agricultural Stabilization and Conservation Service expenses.....	115
Total.....	1,989
Sugar Act program.....	84
Total.....	2,608
Grand total.....	6,565

Mr. McGOVERN. Mr. President, as one who served as director of the food-for-peace program during 1961 and 1962, I am especially interested in the legislation before us today.

Public Law 480, the legislative authority for the Nation's food-for-peace effort is one of the most important statutes ever enacted by the Congress.

Using our agricultural abundance to reduce hunger in the world is not only in our self-interest but is a tremendous humanitarian achievement.

The food-for-peace program (Public Law 480) stabilizes American farm incomes, reduces costly storages, stimulates our shipping industry, develops new commercial markets, improves the health and economy of other peoples, and promotes the cause of peace and freedom.

It is imperative that we recognize that while the cost of the program is chalked up to the budget of the Department of Agriculture, it is to a considerable extent an arm of our foreign economic aid program.

The supplemental appropriation which we are called upon to approve today is needed to restore the capital impairment of the Commodity Credit Corporation resulting from our sales of surplus agricultural commodities for foreign currencies under title I of Public Law 480.

The Commodity Credit Corporation plays an essential role in our entire farm economy and especially in the stabilization of farm prices.

It may be assumed by some persons that we are paying unreasonable prices for price supported commodities. The facts are that the American consumer is getting a remarkably good buy on farm commodities. Consumer food costs are \$4 to \$6 billion a year less than if farm prices had increased as much as prices in other parts of the economy during the past 8 years.

I ask unanimous consent that a paper prepared at my request by Walter W. Wilcox, senior specialist in agriculture of the Legislative Reference Service of the Library of Congress entitled "Consumer Savings Due to Decline in Farm

Prices and Increased Government Cost of Farm Programs, 1953-54 to 1961-62," be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

CONSUMERS SAVINGS DUE TO DECLINE IN FARM PRICES AND INCREASED GOVERNMENT COST OF FARM PROGRAMS, 1953-54 TO 1961-62

Consumers' food costs are \$4 to \$6 billion a year less than if farm prices had increased as much as prices in other parts of the economy in the past 8 years. This amounts to a saving of \$100 per family. These savings may be compared with an increase in Government farm price support costs of \$0.7 billion in the 8-year period (or \$2.4 billion in the cost if foreign assistance programs is added).

IF FARM PRICES HAD INCREASED AS MUCH AS MARKETING AND TRANSPORTATION CHARGES

The Economic Research Service of the U.S. Department of Agriculture estimates civilian expenditures for domestic farm food products at \$63 billion in 1961-62. If the farm prices of these domestically produced foods had increased as much between 1953-54 and 1961-62 as the marketing and transportation charges on the foods in the standard farm food market basket, or 17 percent,¹ civilian expenditures for these foods in 1961-62 would have been about \$69 billion, or \$6 billion higher than they were. This estimate assumes no change in marketing margins due to the higher farm prices.

IF FARM PRICES HAD INCREASED AS MUCH AS WHOLESALE PRICES OF NONFARM PRODUCTS

Wholesale prices of all commodities other than farm products and food increased 10.6 percent between 1953-54 and 1961-62. Had the farm prices of domestic food products increased by this percentage, rather than declining 6 percent as they actually did, consumers would have had to spend \$4 billion more—or \$67 billion—in 1961-62 for their domestically farm-produced foods. This again assumes no change in marketing margins.

IF FARM PRICES HAD INCREASED AS MUCH AS PRODUCTION EXPENSES

In the 8-year period 1953-54 to 1961-62, farm output increased 15 percent. The increased output was due to increased use of fertilizers, insecticides, weedkillers, improved seeds and breeding stock, and other improved practices. Prices paid by farmers for all purchased items, interest, taxes, and wage rates increased 9 percent in the 8 years. Taking into account the larger quantities of purchased materials and the higher prices, production expenses per unit of all farm output, including tobacco and fibers, increased 11.3 percent in the 8-year period. Had farmers balanced their supplies with market outlets, and had farm prices for food products increased by the same percentage as production expenses, civilian consumers would have had to spend \$4.4 billion more than they did spend in 1961-62 for their farm-produced foods. Again, this does not allow for increased marketing margins resulting from percentage markups in the wholesale and retail markets.

IF FOOD PRICES HAD INCREASED AS MUCH AS OTHER ITEMS IN THE CONSUMERS PRICE INDEX

Still another comparison is possible. During this 8-year period, the cost of all items in the consumers price index other than food increased 12.9 percent. If farm prices of food products had increased by this percentage, without any change in marketing margins, civilian consumers would have had

to pay \$4.8 billion more annually for their domestically-produced foods.

Because of the current organization of the economy and agriculture's rapid technical progress, civilian consumers are paying \$4 to \$6 billion less each year for food than they would be paying if farm prices had increased as much as production costs, or as much as prices in other sectors of the economy, where unused capacity and idle resources are greater today than in agriculture.

INCREASED COST OF FARM PROGRAMS LESS THAN CONSUMER SAVINGS

As compared with the above-estimated consumer savings, budget expenditures from appropriations for programs primarily for stabilization of farm incomes increased from an average of \$1.9 billion per year in 1953-54 to \$2.6 billion a year in 1961-62.² In addition to the cost of programs primarily for the stabilization of farm incomes, budget expenditures for foreign assistance programs or Public Law 480 programs, which began after 1954, averaged \$1.7 billion per year in 1961-62.

Savings in retail food costs per family due to the decline in farm prices in the past 8 years while most prices were rising, average \$100 a year as against increased farm program costs of \$20 to \$40 per family.

Mr. TALMADGE. Mr. President, I agree wholeheartedly with the view of the able Senator from Florida [Mr. Holland], the able Senator from Minnesota [Mr. Humphrey], and the able Senator from North Dakota [Mr. Young] that it is high time that we not saddle every so-called expenditure on the face of the earth on the poor farmer's back and say it is a farmer's program, when it relates to health, public welfare, foreign aid, and every other aspect of the Federal Government, yet is submitted to Congress under the guise of a so-called farm bill.

Many of those programs are fine. I have supported a number of them. But we ought to charge them where they are supposed to be charged, and not make the American people think that we are appropriating billions of dollars for the

² 87th Cong. 2d sess. House Department of Agriculture appropriations for 1963, hearings. Pt. 1. Table 5, "Budget expenditures from appropriations," pp. 243-245, and USDA Office of Budget and Finance.

Details of the budget expenditures are as follows (million dollars)

	1953-54	1961-62
Acreage allotments and marketing quotas.....	27.0	70.0
Sugar Act program.....	64.6	75.1
Conservation Reserve program.....		348.0
CCC price support and related programs.....	1,582.7	1,691.0
Special milk program.....		89.3
International Wheat Agreement.....	94.9	83.3
National Wool Act.....		63.1
Sec. 32 removals.....	129.6	209.0
Subtotal.....	1,898.8	2,628.8
Foreign assistance: Public Law 480:		
Title I.....		1,454.8
Title II.....	*37.2	220.3
Total.....	1,936.0	4,303.9

*Expenditures for famine relief prior to Public Law 480.

¹ U.S. Department of Agriculture. Economic Research Service. Table 1. February 1963 (MTS-148).

benefit of the farmers of this country, for that is simply not true.

I thank the able Senator from Florida for yielding to me on this point.

Mr. HOLLAND. I thank the Senator from Georgia for his able, constructive addition to the debate.

Mr. President, in order that the debate, before it terminates, may show the answer of the Secretary of Agriculture to the request of our committee for the breakdown of expenditures, which we have been talking about in the last few minutes, I ask unanimous consent to have printed at this point in the RECORD a letter addressed to Hon. RICHARD B. RUSSELL from Hon. Orville L. Freeman, Secretary, dated February 26, 1962, which is in reply to an inquiry about the item in the report on the appropriations for 1962, which has just been mentioned.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, D.C., February 26, 1962.
Hon. RICHARD B. RUSSELL,
Chairman, Subcommittee on Department of Agriculture and Related Agencies, Committee on Appropriations, U.S. Senate.

DEAR SENATOR RUSSELL: The report of the Senate Committee on Appropriations on the 1962 Department of Agriculture and related agencies appropriation bill requested that this Department consult with the Director of the Bureau of the Budget concerning a presentation in the next budget which would delineate more clearly, by programs, those that are chargeable to the farm program as distinguished from foreign assistance. It was also requested that the Department submit a report to the committee setting forth by items the regular programs of primary benefit to agriculture as well as foreign assistance items, with a breakdown of expenditures for each program.

These requests were considered intensively by both this Department and the Bureau of the Budget. The Department explored the purposes of its programs with the view of possibly classifying expenditures according to beneficiary. In this respect it was found that there was no objective way to clearly delineate between specific groups, such as farmers, businessmen, and consumers, since the benefits of the programs carried out are spread so widely among all segments of the economy. It was concluded that in the interest of a clearer public understanding of the Department's programs, a classification according to major purposes would be more feasible and appropriate.

The discussions with the Bureau of the Budget were therefore on the basis of classifying expenditures according to major purpose or function. In arriving at the classification for presentation to your committee of the programs carried out by the Department, it was the position of the Bureau of the Budget that such classification should be consistent with the treatment accorded the programs of the Department in the functional classification appearing in the President's budget. There is attached a statement showing the expenditures of the Department in fiscal years 1961 and estimated for 1962 and 1963 which reflects the functional classification appearing in the budget, and which provides a breakdown of the programs included in each group. Those programs constituting the food-for-peace effort under Public Law 480 are identified in the breakdown.

We will be glad to furnish any additional information the committee may want on this matter.

Sincerely yours,
ORVILLE L. FREEMAN,
Secretary.

U.S. DEPARTMENT OF AGRICULTURE

Classification of expenditures by functions as reflected in the budget for the fiscal year 1963

[In millions]

	1961	Estimated, 1962	Estimated, 1963
International affairs and finance: Economic and financial assistance:			
Food-for-peace (Public Law 480, title II).....	\$199	\$281	\$300
Agriculture and agricultural resources:			
Farm income stabilization and food-for-peace:			
Price support, supply, and purchase programs:			
Present programs.....	1,331	2,497	2,516
Proposed legislation.....			-434
National Wool Act.....	61	67	70
Food-for-peace (Public Law 480, titles I and IV).....	1,455	1,489	1,389
International Wheat Agreement.....	76	81	81
Transfer of bartered commodities to supplemental stockpile.....	201	225	250
Removal of surplus agricultural commodities.....	203	225	235
Conservation reserve.....	363	346	323
Sugar Act.....	72	82	87
Other.....	39	69	68
Subtotal.....	3,801	5,081	4,585
Financing rural electrification and rural telephones:			
Present programs.....	301	330	370
Proposed legislation.....			-136
Financing farm ownership and operation: Farmers Home Administration.....	353	158	198
Conservation of agricultural land and water resources:			
Soil Conservation Service (including watershed protection and Great Plains program).....	146	164	181
Agricultural conservation program, CCC loan for ACP, and emergency conservation measures.....	251	256	257
Research and other agricultural services.....	324	352	350
Total.....	5,176	6,341	5,836
Natural resources: Forest resources:			
Forest Service:			
Payments to Klamath Indians.....	69		
Other.....	246	279	281
Total.....	315	279	281
Health, labor, and welfare: School lunch and special milk programs:			
Present programs.....	241	274	271
Proposed legislation.....			20
Total.....	241	274	291
Grand total.....	5,929	7,177	6,709

Mr. HOLLAND. Mr. President, unless there are other questions to be asked, I hope the Senate will pass the joint resolution.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution (H.J. Res. 284) was ordered to a third reading and was read the third time.

Mr. HUMPHREY. Mr. President, before the vote on the passage of the joint resolution, I ask unanimous consent to have printed in the RECORD summaries of certain programs under the Commodity Credit Corporation, together with the statement of the Secretary of Agriculture with respect to the reimbursement of the Commodity Credit Corporation and the status of CCC borrowing.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SUMMARY OF EFFECT OF WHEAT AND FEED GRAIN PROGRAMS ON CCC COSTS (ASCS, FEBRUARY 28, 1963)

HIGHLIGHTS INDICATING SUCCESS IN CUTTING SURPLUSES AND REDUCING COSTS

1. CCC holdings of wheat and feed grains were 1.077 billion bushels less on February 15, 1963 than the peak quantities held in 1961 before the new program was effective, and total stocks at the end of 1963 marketing year will be 2,509 million bushels less than they would have been if the pre-1961 programs had been allowed to continue.

2. The fact that the CCC does not now own the 1.077 billion bushels of grain it formerly owned is now saving the Govern-

ment \$770,000 each day in carrying charges—\$280 million a year.

3. The 1964 budget includes \$246 million less for carrying charges on these grains than was spent in fiscal year 1961, and \$813 million—or \$2.2 million a day—less than the annual rate that would have occurred by 1964 if the pre-1961 programs had been allowed to continue.

These and other figures show that the new programs designed to eliminate the costly and unnecessary surpluses of wheat and feed grains, that had climbed to record levels in 1961, are working.

The Congress has given the CCC the responsibility to finance all Government price support and commodity purchase programs through use of its own funds and a borrowing authorization limited to \$14.5 billion. Each year the Corporation's realized losses are met by appropriations by the Congress for restoration of capital impairment. The amount of appropriations needed is determined by CCC's realized losses.

The realized losses of the CCC since 1960 are shown below:

Fiscal year	Realized loss (millions)	
	Amount	Change from preceding year
1961.....	\$2,067.0	+\$454.9
1962.....	2,799.4	+732.4
1963 (estimated).....	2,753.6	-45.8
1964 (estimated).....	2,646.9	-106.7

¹ Does not include inventory revaluation loss of \$1,268.5 million applicable to 1961 and prior years.

(1) Fiscal 1962 losses were higher than the previous year, primarily because of:

(a) an increased loss on commodity sales in the disposal of large quantities of corn and grain sorghums acquired from the 1960

and prior years' crops; such grain was acquired at a higher price in the 1950's than market prices in 1962. Obviously as the grain is moved out of surplus into consumption realized losses take place.

(b) increased loss on donations, due to the donation of more dairy products, wheat flour and corn meal, thus increasing benefits to millions of people at home and around the world by a more effective use of our agricultural abundance.

(c) acreage diversion payments to farmers as the immediate cost of launching supply adjustment programs enacted by the Congress—programs that by now have significantly reduced stocks of grain and the costs of both acquiring and carrying such stocks, while they have brought about substantial increase in farm income.

(2) Estimates indicate that realized losses for fiscal 1963 will be \$45.8 million less than for the previous year, and that this encouraging trend will be stepped up in 1964 by an estimated decrease of \$106.7 million below that for 1963.

(3) Stocks in CCC inventory in excess of needs for an adequate reserve have been substantially reduced—by a total of 1.077 billion bushels as compared with peak quantities on hand before programs for supply adjustment began to take effect. As a result, the 1964 budget estimates before the Congress show \$245.6 million less for carrying charges on wheat and feed grains for the fiscal year 1964 than the actual cost in the fiscal year 1961. The fact that the CCC does not now own the 1.077 billion bushels of grain it formerly owned is now saving the Government \$770,000 each day in carrying charges—\$280 million a year.

(4) Cumulative savings of \$480 million in carrying charges on feed grains and wheat from the record 1961 level have already resulted or are budgeted as a result of the decrease in CCC stocks, as follows:

[In millions]

Fiscal year	Total carrying charges, feed grains and wheat	Savings from 1961 level
1961.....	\$846	-----
1962.....	776	\$70
1963 (budget estimate).....	682	164
1964 (budget estimate).....	600	246
Cumulative savings through June 30, 1964, from 1961 level.....	-----	480

(5) If the new supply adjustment programs had not replaced the pre-1961 programs it is a conservative estimate that carryover stocks at the end of the marketing year for the 1963 crop would have amounted to 3.8 billion bushels of corn and grain sorghums and 1.6 billion bushels of wheat, and the annual carrying charges on these quantities would have amounted to at least \$1.4 billion by 1964 as compared with the current estimate of \$587 million for these three grains in the 1964 budget. The difference is equivalent to about \$2.2 million per day.

(6) If pre-1961 programs had been allowed to continue and stocks had built up as indicated through 1963, it is estimated that ultimate carrying costs to the CCC before disposal of the additional quantities added to stocks would have amounted to approximately \$3.3 billion. This would result from the time which would elapse before these added stocks would be disposed of, based on the annual rate of disposition which occurred prior to 1961. This would be 10 to 12 years for feed grains and between 6 and 7 years for wheat.

U.S. DEPARTMENT OF AGRICULTURE—SUPPLEMENTAL ESTIMATE FOR REIMBURSEMENT TO COMMODITY CREDIT CORPORATION FOR COSTS OF TITLE I, PUBLIC LAW 480

(Statement of Hon. Orville L. Freeman, Secretary of Agriculture, U.S. Department of Agriculture, before the Senate Committee on Appropriations)

Mr. Chairman, I am here today not to request an increase in appropriations, but rather to ask for a shift in appropriations from fiscal year 1964 to fiscal year 1963. Your authorization of a supplemental appropriation of \$58,172,000 to reimburse the CCC for unrecovered 1963 costs for title I, Public Law 480 will be accompanied by a reduction in our budget request for 1964 by that identical amount.

Congress has given the CCC the responsibility for financing all Government price support and commodity purchase programs through the use of its own funds and a borrowing authorization limited to \$14.5 billion. Because the nature of CCC operations and expenditures are to a considerable extent unpredictable—due to factors such as weather, insect damage, domestic and import demand, trade psychology, and other intangibles—Congress has seen fit to authorize such borrowing and to make up for realized losses by later appropriations for restoration of capital impairment.

There are two circumstances that have brought about the present situation in which the CCC, required by law to carry out price support programs by purchases or loans for such commodities as wheat, cotton, dairy, and feed grains, is faced with resources now at the perilously low level of \$127.6 million.

The first of these circumstances is the fact that the Appropriation Act for 1963 as approved by Congress last year did not include \$831.6 million for reimbursement for past and estimated 1963 expenditures as requested in the 1963 budget.

The second is the combination of unpredictable factors that have resulted in: (1) heavier loans on cotton than expected, largely because mills have postponed buying in anticipation of lower prices; (2) heavier loans on corn than expected, largely because unusually favorable weather produced corn of such high quality that larger amounts went under loan earlier than anticipated; (3) lower sales from CCC stocks than were estimated a year ago.

Action is therefore necessary at this time to provide the CCC with enough operating capital to carry out the price support programs that are mandatory under law, along with its responsibilities for Public Law 480 operations, during the remainder of fiscal 1963. This action will have no effect on the total of the appropriations required for the 2 fiscal years of 1963 and 1964.

STATUS OF CCC BORROWING AUTHORITY

CURRENT SITUATION

The Congress appropriated \$832 million less than the amounts requested in the 1963 budget to reimburse CCC for costs of the foreign assistance programs and for realized losses.

This left only a narrow operating margin for changes in the estimates which could result from weather conditions, farmer participation in programs, production abroad, timing of expenditures, and receipts, and other uncontrollable and unpredictable factors.

Available borrowing authority of CCC: With only a narrow operating margin, changes in timing of receipts and expenditures have occurred with the result that CCC's available borrowing authority has

dropped to \$149.6 million as of February 18, 1963. Section 4(1) of the CCC Charter Act (15 U.S.C. 714b(1)) prohibits the Corporation from exceeding its borrowing authority of \$14.5 billion. The Corporation has used approximately \$8 billion of the \$14.5 billion borrowing authority in its investment in loans and inventory. The Corporation is required by law to use its borrowing authority to finance costs of the foreign assistance programs (Public Law 480, IWA, Bartered Materials for Supplemental Stockpile).

At the current rate of use, there is grave danger that the entire \$14.5 billion of authorized borrowing authority will be exhausted by the end of February or early in March unless remedial action is taken promptly.

During this period, the Corporation is required by law to carry out certain mandatory programs which require use of sizable amounts of borrowing authority, such as cotton loans (averaging about \$2.5 million per day in February), corn loans (averaging \$9.6 million per day in February) and dairy purchases (averaging about \$1.8 million per day in February). Under the 1963 feed grain and wheat stabilization programs, advance payments are authorized (averaging about \$5 million per day).

STEPS TAKEN TO DATE

Payments to other Government agencies are being held in abeyance; for example, \$15 million to AID for ocean transportation, and \$20 million for loans to the ACP program for advance purchase of conservation materials and services.

Foreign assistance program funds have been shifted from the 4th to the 3d quarter for advance to CCC (\$110 million).

Recovery of \$93.1 million repayments from foreign currency loans was accelerated through special arrangements with the Treasury Department.

Daily reports from field offices are obtained and analyzed on borrowing authority used, cotton and corn loans and repayments, feed grain dispositions, purchases of dairy products, and advance feed grain and wheat payments.

ALTERNATIVES

1. Stop all payments and loans to producers under all price support and related programs. In addition, stop payments due and payable under contracts and firm commitments:

- (a) To warehousemen.
- (b) To rail and truck carriers.
- (c) To processors and packaging firms.
- (d) To vendors of dairy products.
- (e) To U.S. exporters of wheat flour, cotton and cotton products.

(f) To U.S. exporters and U.S. ocean freight carriers for commodities shipped under Public Law 480 (food-for-peace program). Such action would result in a nationwide loss of confidence in the integrity of the U.S. Government to meet its financial obligations. It would disrupt all phases of the agricultural economy and incur the ill will of farmers and related industries throughout the Nation. It would set off a chain reaction which would be extremely damaging to farmers and people doing business with farmers, with resulting serious damaging effects upon the economy in general.

2. Use of section 32 funds: Section 32 currently finances payments for diversion or export of commodities, and has, in the past, procured commodities from CCC for distribution to domestic outlets. The 1964 budget estimates that in the fiscal year 1963, CCC will donate domestically, approximately \$300 million of surplus commodities and will make export payments of approximately \$270 million. In order to lessen the impact upon

CCC's borrowing authority, section 32 funds could be used to procure commodities from CCC for distribution to domestic outlets and to finance diversion payments and export payments.

If section 32 funds were used to the maximum extent permitted by available funds and existing authorities, it is possible that up to \$250 million could be advanced to CCC, principally for commodities to be distributed to domestic outlets. In view of the provision in section 32 which limits the amount which can be devoted to any one commodity to 25 percent of available funds, not more than \$150 million could be used for any one commodity; e.g., dairy products.

This large use of section 32 funds for commodities under CCC price-support programs has not been generally favored by members of the appropriation committees, by other Members of Congress and by officials of the Department of Agriculture and should therefore, be avoided, if possible.

3. Provide promptly a supplemental appropriation of \$508 million as requested by the President. There is a budget amendment for 1964 to reduce the 1964 appropriation request by a like amount.

Such action would permit the continuation of CCC operations on a normal basis for the balance of this fiscal year consistent with current estimates.

CCC borrowing authority—Estimated major obligations and receipts
[In millions of dollars]

Item	February	March
Balance available or deficit (—), beginning of month.....	210	—31
REGULAR ACTIVITIES		
Obligations:		
Corn and cotton loans.....	170	53
Dairy purchases.....	62	60
Feed grain and wheat payments.....	131	105
Export payments.....	84	25
Storage, transportation and re-seal payments.....	43	43
Other purchases, loans, interest.....	80	101
Total obligations.....	570	387
Receipts:		
Corn and wheat sales.....	179	325
Wheat and cotton repayments.....	80	107
Other sales, repayments, etc.....	26	57
Total receipts.....	285	489
Net obligations or receipts (—).....	285	—102
SPECIAL ACTIVITIES (PUBLIC LAW 480, ETC.)		
Obligations.....	169	172
Receipts.....	213	17
Net obligations or receipts (*), special activities.....	*44	155
Balance available or deficit (—), end of month.....	—31	—84

* February includes \$110,000,000 of reapportioned 4th quarter funds under the foreign assistance program and \$93,100,000 loan repayments.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass?

The joint resolution (H.J. Res. 284) was passed.

Mr. HOLLAND. Mr. President, I move that the Senate reconsider the vote by which the joint resolution was passed.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLAND. Mr. President, I thank the acting majority leader. I

think it timely to say that, as I recall, not only is this the first appropriation measure of the session, but it is also the first measure of general importance which has been passed. I express the hope that there will be many others to follow soon, and that Congress may be able to adjourn at an early date, as soon as possible after July 31.

Mr. HUMPHREY. Whenever the Senator from Florida handles a measure as he has the appropriation bill today, he always acts with dispatch, efficiency, clarity, and with positive results.

Mr. MANSFIELD. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. MANSFIELD. The distinguished Senator from Florida mentioned the date of July 31. I think I should announce at this time that it is not the anticipation of the leadership to have the Senate take an Easter vacation this year because of the fact that we are at least 7 weeks behind in our schedule, and because committees are only now getting down to work. I think it behooves us to stay on the job and do the best we can to get legislation rolling, to the end that it may be possible for us to adjourn some time this year which, I am sure, will not be July 31, but because of the delay which has already been incurred, may well be in October or perhaps November.

Mr. HUMPHREY. O Senator. O Leader.

Mr. HOLLAND. Mr. President, I had not expected to have my hopes crushed at such an early date; but I cannot help approving the general position taken by the majority leader. We have an immense amount of work to do. While the purpose of my comment was to call attention to the fact that we have finally started to do it, I hope we may proceed much more expeditiously than we have in the recent past.

Mr. MANSFIELD. I am happy that, almost 8 weeks after the convening of the 88th Congress, it has been possible, finally, for the Senate to consider a measure and pass it. I believe that the first bill passed this year had to do with a situation in the State of Hawaii. I am delighted that that bill, which was sponsored by Senator FONG and Senator INOUE, and reported by the Committee on Government Operations, under the chairmanship of the distinguished Senator from Arkansas [Mr. McCLELLAN], has the honor of being the first bill to be passed by the Senate after almost 8 weeks of effort, of a sort.

I am especially happy that the first measure of major significance on a nationwide basis is the joint resolution (H.J. Res. 284) which was reported by the distinguished senior Senator from Florida [Mr. HOLLAND], making supplemental appropriations for the Department of Agriculture for the fiscal year ending June 30, 1963, and for other purposes, which was also passed today.

I compliment the Senator from Florida for the skillful, sound generalship he always shows in the consideration of a bill, and also the fact that in explain-

ing a bill he proves to us conclusively that he does his homework and knows whereof he speaks.

Mr. HOLLAND. I thank my friend, the distinguished majority leader.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MAINTENANCE OF HIGHEST MEDICAL STANDARDS IN VETERANS' ADMINISTRATION

Mr. HUMPHREY. Mr. President, there has been considerable discussion and concern in certain departments of the Veterans' Administration relating to the medical and hospital care of veterans. Today I wish to address myself to these developments and to set at rest some of the worries and concerns of many Members of the Senate. I have received letters from Members of Congress, as well as from many veterans' representatives and organizations relating to the medical care program of the Veterans' Administration.

Throughout my service in the Senate, it has been my pleasure to devote attention to one of the most important obligations of the Nation: Providing the finest possible medical care for our wounded and ill ex-servicemen.

I should like today to mention some of the great medical challenges and opportunities which the Veterans' Administration faces.

A BRIEF VA MEDICAL HISTORY

First, however, a bit of historical perspective is necessary.

I will not recapitulate in detail the history of the Veterans' Administration medical program. I will only say this: This Nation today conducts the finest medical program in the world for those who defended it on the field of battle.

The program was not always thus. There was a time when Veterans' Administration medicine was the victim of an appalling combination of indifference, politics, the worst forms of bureaucracy, and professional mediocrity.

Then a great revolution occurred. It rightly bore the title, informally, of two of its great leaders, Dr. Paul Hawley and Dr. Paul Magnuson. After a time, however, that great reform movement itself ran into difficulties and was on the point of collapse. At that point—in 1951—a U.S. Senate subcommittee, of which I was privileged to be chairman, stepped in and, observers said, saved the day.

That was 12 years ago. Since then, Veterans' Administration medicine has enjoyed outstanding esteem in the eyes of the medical world—and rightly so.

But times and circumstances change. Today, Veterans' Administration medicine confronts significant, albeit more subtle, challenges than in years gone by.

Fortunately, the outlook for those challenges to be successfully met is very bright.

FULL SUPPORT AT HIGHEST LEVEL

President John F. Kennedy and Administrator John S. Gleason are determined that Veterans' Administration medicine shall achieve new peaks of professional excellence.

The three great foundations of medicine—medical care, medical research, and medical education—are each being strengthened.

The key to Veterans' Administration's medical future lies, in considerable part, in the competent hands of the Nation's great medical schools. Today, 87 of the 170 Veterans' Administration facilities are affiliated with 77 medical schools. Some hospitals have multiple affiliation. In each of these hospitals, what are known as deans' committees help to assure the highest possible medical standards.

I cannot speak too strongly of the importance of this type of dynamic, high-level medical sponsorship and monitoring.

As a June 1960 report by a National Academy of Sciences Survey Committee stated on page 2:

The total effectiveness of the Department of Medicine and Surgery of the Veterans' Administration is undoubtedly more dependent on cooperation with the medical schools than on any other single factor. In the future, with an increase in the competition for professional personnel expected, this relationship will assume even greater importance.

NEED FOR HIGHER PAY

Meanwhile, the Congress, itself, as always, has a vital role to play. This particularly is the case in enabling the Veterans' Administration to compete successfully in the job marketplace, as I have indicated.

The 88th Congress must, in my view, enact additional Federal salary reform legislation. Only thereby can it enable the Veterans' Administration to recruit and keep the highest caliber of medical and paramedical personnel.

A Federal professional pay schedule should be adopted by Congress. If we are to maintain the technical, scientific, and medical personnel the Government requires for providing service to veterans, to the general public, and to the scientific institutes and medical institutes in this country, Congress must promptly act on the professional salary schedules needed to recruit and hold personnel of this kind.

On May 16, 1962, Administrator Gleason made a very strong and well-merited plea, before the House Post Office and Civil Service Committee, on behalf of an adequate system of compensation for Veterans' Administration medical personnel. Many of the observations which he made at that time might well be repeated today. Today the Veterans' Administration cannot effectively compete in the job market with other public and private sources. It has not been able to keep pace with compensation available elsewhere.

The greatest threat today to the medical and surgical programs of the Veterans' Administration is the failure of

Congress to adjust the professional salary schedules so that trained and competent scientific personnel can be maintained on the job.

THE MENTAL ILLNESS AND REHABILITATION REVOLUTIONS

Yet, Mr. President, the Veterans' Administration medical program is subject to dynamic change. A great revolution in chemotherapy of tuberculosis has been followed and paralleled to some extent by a revolution in what is known as psychopharmacology. A magnificent opportunity to reduce mental illness confronts the Nation. This is subject, of course, to the proviso that we proceed with all due safeguards in the case of the many powerful new mind medications.

All the while, the Nation's veterans' population is itself subject to the factor of time and aging. More and more, the Veterans' Administration is confronted with the problems of the chronic illnesses and disability characteristic of advanced years.

The Veterans' Administration is beginning pioneering efforts in establishing restoration centers. The Veterans' Administration faces the great opportunity of not only adding years to lives, but also adding lives to years for our senior veterans. More and more, the concept of restoration must take hold. We should not be content until, if it is at all possible, we enable the senior, ill veteran to return to society.

APPREHENSION OVER TRANSFER OF AREA MEDICAL DIRECTORS

In view of all these significant challenges facing the Veterans' Administration, I was particularly concerned in recent days to note much apprehension—as I have already said—among experts as to one particular administrative move in the offing. I refer to the transfer to Washington of the Veterans' Administration area medical directors.

I shall not go now into this subject in detail, except to say that men of unimpeachable medical credentials have expressed to me deep concern over this relocation. Outstanding among those who view the move with deep misgivings is Dr. Paul Magnuson.

Every veteran and every veteran's family in the Nation owes Dr. Paul Magnuson a debt of gratitude for his reforms in the Veterans' Administration's Medical and Surgical Division. He made veterans medicine the finest medicine practiced today in America.

Mr. KEATING. Mr. President, at this point will the Senator from Minnesota yield?

The PRESIDING OFFICER (Mr. McIntyre in the chair). Does the Senator from Minnesota yield to the Senator from New York?

Mr. HUMPHREY. I yield.

Mr. KEATING. I wish to join in the tribute to Dr. Magnuson. I know of no one in public life who has performed a more significant service than that which Dr. Magnuson has performed for our veterans. No words of praise are too strong for the services of this distinguished man to the Government, and particularly to veterans.

Mr. HUMPHREY. Mr. President, I am very grateful to the Senator from New

York for his words of commendation of Dr. Magnuson, and also for his joining me in this expression of our appreciation and our respect for him. Of course, I may also include—as I have previously said—Dr. Hawley, Admiral Booth, and the other medical directors who have served the veterans of this country so faithfully.

I have discussed the issue of the relocation of certain area medical directors at high levels within the executive branch. I have been assured that the move will not impair the professional integrity of the Veterans' Administration medical service in any way, and that it will advance administrative efficiency.

I do not presume to render final judgment on the issue. In all frankness, I have strong doubts over the wisdom of moving Area Medical Directors away from the scene of their immediate responsibility. Inevitably, they will have to spend more time in travel to the field. Inevitably they will become more associated with the Washington scene than they will with the scene and the problems in the areas concerned.

DANGER OF INTERFERENCE WITH VETERANS' ADMINISTRATION MEDICINE

What is more, I am distressed that the move was ordered from the Office of the Administrator, initially unknown to and over the head of the Veterans' Administration Medical Director. The latter was confronted with what amounted to an accomplished fact.

The able Veterans' Administration Medical Director has stated that he does not share this concern over the geographic relocation. I respect his judgment and that of the Administration. But I remind the Veterans' Administration that the Congress has expressed in unmistakable terms the position that the Veterans' Administration Medical Department shall be professionally independent. I have high regard for Mr. Gleason. He is doing a good job as Administrator, and I believe his staff is also doing a good job. But I have previously watched efforts to change the pattern of the Veterans' Administration medical care. I have seen attempts made to get it back into the old bureaucracy, subject to the pressures which come from many political sources. We are not going to let that happen again.

As I have said, in 1951 it was my privilege to stop in and stop such a move. This afternoon, I repeat, the warning that if there is any attempt to put Veterans' Administration medical and surgical programs under some form of political influence or administrative control that would violate medical standards and professional medical care, I will wage battle against whoever attempts to do it.

In the past, Dr. Magnuson recalls time after time when changes which were regarded as relatively innocuous have been part of a systematic pattern of interference with the professional independence of Veterans' Administration medicine. I repeat: I serve notice that I, for one, do not intend to be silent in the face of any such effort, now or in the future.



Public Law 88-1
88th Congress, H. J. Res. 284
March 6, 1963

Joint Resolution

77 STAT. 3.

Making supplemental appropriations for the Department of Agriculture for the fiscal year ending June 30, 1963, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums Supplemental are appropriated, out of any money in the Treasury not otherwise appropriations, appropriated, for the fiscal year ending June 30, 1963, namely: 1963.

DEPARTMENT OF AGRICULTURE

FOREIGN ASSISTANCE PROGRAMS

PUBLIC LAW 480

For an additional amount for "Public Law 480", to restore the capital impairment of the Commodity Credit Corporation due to expenses and costs of sales of surplus agricultural commodities for foreign currencies pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701-1709), \$508,172,000, to remain available until expended. 68 Stat. 455.

Approved March 6, 1963.

LEGISLATIVE HISTORY

HOUSE REPORT No. 35 (Appropriations Comm.).

SENATE REPORT No. 9 (Appropriations Comm.).

CONGRESSIONAL RECORD, Vol. 109:

Feb. 27, 1963; Considered and passed House.

Mar. 4, 1963; Considered and passed Senate.

